密勒氏評論報

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Formerly Millard's Review

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THE WANHSIEN INCIDENT AND INTERVENTION

ON AUGUST 29, an upper-Yangtsze cargo and passenger steamer, the Wanliu, belonging to the British shipping firm, Butterfield and Swire, while proceeding near the town of Yunyang in Szechuen Province accidentally swamped two Chinese junks loaded with soldiers and a quantity of silver dollars. The British report published in the Shanghai newspapers on September 9, stated that the Chinese craft sunk was a "sampan" loaded with soldiers, the cause of the sinking being the wash created by the steamer's propellers. A Chinese report however sent out on August 31 stated that as the British steamer was passing the town of Yunyang, the ship "was approached by two Chinese junks loaded silver belonging to Gen. Yang Sen's soldiers. One Commissary with several men went aboard the British ship for the purpose of transferring the cargo. The steamer started at full speed leaving the junks to the deep trough and the strong wash thus stirred up immediately sank the junks with the 58 escorting officers and $85,000 silver. The Wanliu 'rashly' plied on, seemingly deaf to the thrilling cries for help from the drowning people."

GEN. YANG SEN, a subordinate of Marshal Wu Pei-fu, and belonging to a faction which has generally been credited with friendliness toward British interests, immediately seized two other ships belonging to Butterfield and Swire which were lying at Wanhsien and placed a guard of three or four hundred Chinese soldiers on them. In addition he lined both banks of the river with soldiers and refused to permit any communication with the two ships and threatened the British gunboat Cockchafer also in the harbor, if she attempted to leave the port of take any steps to relieve the two seized cargo boats. According to a *Reuters* report sent out from Peking on September 7, Gen. Yang Sen refused to discuss the question of the release of the ships with the Commander of the Cockchafer and insisted upon discussing the matter with the British Consul at Chungking. When the Consul arrived he immediately demanded the removal of the Chinese guards as a preliminary measure, but this Gen. Yang refused to listen to, even though the Consul offered to have the steamer responsible for the trouble, the Wanliu, returned to Wanhsien and the other two steamers remain there until the matter of the overturned junks was settled. The British gunboat Widgeon was then ordered to Wanhsien and in addition a cargo boat the Kaiwo was commandeered, loaded with marines, some 140 in number,

and also sent to Wanhsien. On Sunday evening, September 5, the Kaiwo, accompanied by the Widgeon and the Cockchafer entered the Wanhsien harbor and approached the *Wanhsien*, one of the detained cargo boats containing a Chinese military guard. According to an eye-witness account, the Kaiwo made fast to the Wanhsien with grappling irons and a small force of British marines boarded the ship. Immediately they were met with machine-gun fire, seven British officers and men being killed outright and fifteen wounded, making nineteen British casualties in all. The British marines and sailors on the Kaiwo then returned the fire, killing, according to one report, some 300 of the 400 Chinese soldiers on the two detained cargo ships. At the same time, the British gunboats opened fire on the town of Wanhsien and the Chinese troops on both sides of the river, killing, according to a report from a correspondent in Hankow from 3,000 to 5,000 Chinese and destroying a considerable part of the town, including the Yang Sen headquarters. Reports regarding Chinese casulties published in the Chinese press in Shanghai, however state that the number of Chinese killed was "more than a thousand." At any rate the fight was a hot one while it lasted, or until the British gunboats were forced to withdraw down river on account of shortage of fuel and ammunition.

THIS IS substantially what happened at Wanhsien, culled from the various conflicting reports, and as matters stand, or these lines are written, Gen. Yang Sen is still holding the Butterfield and Swire steamers, both of which according to report have been looted and practically destroyed. The British naval authorities immediately decided upon outfitting a new expedition at Hankow for the purpose of forcing Gen. Yang Sen to release the British ships, but Gen. Yang Sen, still defiant, sent word down to Hankow that he was fortifying his position and making preparations for continued resistence. It is not known as yet what the outcome will be, but reports from Peking on Sunday, September 19 indicated that the settlement of the affair might be left to the diplomats after all, despite this, Britons throughout China are demanding that their Navy be sent up river for the purpose of "cleaning out" Szechuen of its "military buccaneers and bandits."

THE WANHSIEN affair naturally caused a stir in Great Britain and also attracted considerable attention in Japan and the United States as was indicated by instructions to Shanghai newspaper correspondents to send fullest details. The result of the indignation aroused in Great Britain, was a renewal of the demand for intervention, the *Daily Telegraph* declaring that "In both Canton and the Yangtsze the utmost limits of toleration have been exceeded, and it is high time that something was done to convince all whom it may concern in China that British nationals there are not so helpless as its military despots clearly consider them to be be." Other London dailies such as the *News, Mail, Chronicle,* and *Times,* also stressed the importance of strong action and demanding that Great Britain take steps to defend her position in China. The *Times* expressed the hope that the recent appointment of a new British minister in Peking would result in a "more positive policy" and said that the extension of civil war in China would force the Powers to agree to a common policy. The *Daily Telegraph* in a further discussion of the matter as reported by *Reuters* on Sept. 10, declared that "the situation of China demanded an active policy on the part of the British Government, but that its first course should be to "first seek the cooperation of these who may be willing to give it and whose interests most closely coincide with those of Great Britain." Japan, was of course meant by this, for the editor of the Chronicle stated further along in the discussion that "she shares with us the distinc- of being more bitterly attacked than other foreign Powers." The London *Morning Post* on September 11 said among other things that "the time seems to be arriving when we must face realities or perish" . . . since the Cantonese forces under Gen. Chiang Kai-shek "constritute an implacable enemy of British trade." However it was interesting to note that the British Trade Union Congress at recent annual convention passed a resolution opposing intervention in China, and in addition to this the National Council of the Independent Labor Party also parsed a resolution apposing drastic neasures and supporting the independence of China.

IN VIEW of the almost unanimous British demand for intervention, it is both interesting and significant to review the response which the demand has aroused in other quarters, especially in Japan and the United States. Owing to the lack of a direct American news service in China it has been almost impossible to discover what American Government officials thought of the question, but a Washington dispatch in the *Japan Advertiser* dated September 10 quoted Secretary of State Kellogg as declaring that "the United States would refrain from drastic measures in the absence of grave danger to American lives and that the present American policy concides with the traditional policy of patience in regard to China." Another dispatch from the *Advertier's* Washington correspondent on September 11 said that "Assurances emanate from the State Department that the United States is not contemplating joining in concerted action with the British or any other Powers for the purpose of exerting pressure on China under any circumstances. . . . However, if and when Americans suffer direct injuries as a result of some action for which they are in no way responsible, the United States would not hesitate a moment to take necessary measures . . . . Even, in such a case, the United States probably would refrain from joining with the other Powers in seeking to punish China. The acts against Americans will have to be manifestly overt and specifically directed against Americans, and no other nationals with Americans as incidental casualties, before the Washington Government will resort to drastic steps." In addition to this, Mr. John Van A. MacMurry, American Minister to Peking declared in an interview appearing in the *Shanghai Evening News,* (Chinese paper published in English,) that the United States was not contemplating any cooperative action with other Powers against China on account of the Wanhsien or other incidents.

THAT THE JAPANESE likewise have no intention of following the British demand for intervention, has been indicated in the tone of the Japanese press, many of the papers even speculating upon the possible ill effects of the Wanhsien incident upon British Yangtsze trade, a matter of deep interest to the Japanese since they believe that they they stand in the best position to benefit as a result of Britsh adversities. The Japanese news-

papers tended to combine the Wanhsien incident with the capture of Hankow by the anti-British forces from Canton in their comment. The *Miyako*, one of the Toyko papers said that "it is vitally important for Japan, who is closely related to China politically and economically to provide against such contingency as British intervention or occupation of Chinese territory. China should not allow herself to be overwhelmed by *any* British policy, but she should know that should the Cantonese Government be successful in its anti-British agitation, that it will not fail to start a similar movement again the Japanese. . . ." The *Chugai Shogyo*, another Tokyo paper in its discussion of the situation used the statement, "The sphere of British influence was invaded by the Kwangtung expedition, but Great Britain will not be so desperate as to start armed intervention." The *Hochi*, in discussing the question, "What Shall Japan Do?" said that it is necessary for Great Britain to provide means for the maintenance of her influence and interest, although "she is afraid to excite the ill-feeling of the Chinese against her. Great Britain will try to negotiate with China in the name of the allied Powers, as this has been her usual policy. Great Britain is free to question the responsiblity of China single handed, . . . but the painful thing for Great British is the extension of Kwangtung influence into the Yangtsze . . . . the Powers must not allow themselves misled by the cunning propaganda of astute Great Britain lest they be dragged into inextricable adversity." The *Jiji*, under the heading, "British Influence Menaced," after disussing the capture of Hankow by the Cantonese, expressed the belief that, "Menacing though the Kwangtung expedition toward the Yangtsze be, Great Britain has not yet suffered any horrible danger . . . However, should the Kwangtung expedition and Great Britain begin to fight, others must not allow themselves to be involved in it lest further complications arise." The *Jiji* in a further discussion of the China situation under the heading, "Masters of the Yangtsze," said that the victory of the Kwangtung expedition along the Yangtsze was a noteworth event, influencing China's foreign relations, but "that it was extraordinary that British public opinion should urge the British Government to start intervention in China's domestic affairs, and misrepresent Japan as an obstacle. . . . We trust that the other Powers will remain composed and will watch how the situation develops and that they will be cautious in their attitude." The *Hochi*, also discusssing the British demand for intervention, states that "British opinion advocating intervention in China's domestic affairs has ceased to be a novelty. The traditional policy of Great Britain toward China is based upon intervention, and that once intervention in China's domestic politics turns out to be impracticable, the British policy toward that nation will be broken down. Let Great Britain reform her China policy, and then she will find that she can maintain her present position. . . . Should Kwangtung become the master of the Yangtsze Valley, Great Britain would, it is not improbable, be driven out. We only hope that Japan will not be made a cat's paw of Great Britain any longer."

THE ASIATIC ORIGIN OF THE AMERICAN INDIAN

WE SUPPOSE, that after reading these paragraphs, the young Chinese nationalists will immediately demand possession of the North and South American continents on the grounds of prior discovery and occupation. This statement is made as a result of the perusal of an interesting and enlightening pamphlet by Dr. Ales Hrdlicka, curator of the American Museum of Anthropology, Smithsonian Institute, Washington, D. C., on the subject, "The Origin and Antiquity of the American Indian." Dr. Hrdlicka, who is probably the greatest living authority on anthropology, has conducted investigations on the subject of the origin of mankind in all parts of the world and has made a special study of the American Indian in the United States, Canada, Alaska, Mexico, Central and South America. Then he followed the investigation to Siberia, Mongolia, Japan, China, Korea and the Philippines. After proving that the American Indians are all of one racial stock, he then considers the question of the origin of the race and by a process of elimination proves that they could not have emigrated to the American continent from any other part of the world except Asia. Naturally he does not believe that the American Indians originated in America for there have been no discoveries proving the early presence of mankind on the American continent, similar to discoveries which have been made in Europe in recent years. Mankind originated, according to the best scientific evidence, in the warmer regions of the European continent and the rest of the world has been peopled only through the gradual dispersion of mankind over the surface of the earth.

AFTER SHOWING the similarity of physical, mental and linguistic characteristics of the American Indian to members of various tribes in Siberia, Mongolia, and elsewhere on the Asiatic continent and in Japan and the Philippines, Dr. Hrdlicka then investigated the probable routes by which the aborigines of Asia went to the North American Continent. In this connection, a *Reuters* report published in the Shanghai newspapers on September 16 stated that Dr. Hrdlicka has just returned to the United States from another series of explorations which he has been conducting in Alaska. According to the pamphlet recently issued by Dr. Hrdlicka the American Indian must have emigrated from the Asiatic Continent by two routes: across the Bering Strait which is now only 30 miles wide and possibly at an earlier period was connected by land; and by the more southerly route across the Aleutian Islands which stretch from the Kuriles, north of Japan, to the Alaskan mainland, the same route which was followed by the American fliers on their trip around the world three years ago. Dr. Hrdlicka's conclusions regarding the similarity of physical characteristics of American Indians and certain inhabitants of Asia are summed up in the following paragraphs from his pamphlet:

> If we turn to Asia, we see that large parts of Siberia and the Eastern coast of the continent, with much of Malaysia and even Polynesia, were and still are peopled by nations and tribes which differ more or less from one another, owing to admixtures and local differentiations, but which on the whole are of a type that in most of its essentials resembles, or is practically identical with, that of the (American) Indian. This type persists to this day with particular purity in certain parts of the Philippines (such as among the Igorrots), in Formosa, in portions of Tibet, in parts of western China, in Mongolia, and over many parts of Siberia. It can frequently be met with in China proper, in Korea, and in Japan. It is a type which is characterized by the same range of color; as well as the quality and peculiarities of distribution of the hair; by the same dark-brown eyes with yellowish conjunctiva and slight to moderate slant; by similar prominence of the cheek bones and characteristics of other parts of the face; by similar frequency of the hollowed out upper front teeth; by close resemblance in the rest of the body; and in addition, by similar mentality and behavior, with close affinities in other functions, as well as in numerous habits and customs. The physical resemblances between some members of the Asiatic

group and the average American Indian are such that if a member of one or the other were transplanted and his body and hair dressed like those of the tribe in the midst of which he was placed, he could not possibly be distinguished physically by any means at the command of even a scientific observer."

CHINA MUST NOT OPERATE HER OWN WIRELESS STATION

THE JAPANESE Consul-General in Harbin, Mr. Amao, according to a dispatch in the *Asahi*, has protested to the Chinese authorities against the action of the Chinese wireless station in Harbin which has been receiving wireless messages from Europe and selling them to local newspapers. The Japanese consul, in his protest, pointed out to the Chinese authorities that the action of the Chinese wireless station in receiving and selling messages was in contravention of a contract negotiated several years ago by Mitsui and Company with the Chinese Government whereby the Japanese firm was given an exclusive monopoly of wireless transmission and receiving both inside of China and between China and foreign nations. This old contract between Mitsui and Company dates back to the years, 1918-1919, when the Anfu Party was in control of the Peking Government and the Chinese people were saddled with some $300,000,000 of Japanese loans, in exchange for which the Anfuites granted the Japanese various contracts and monopolies. Thus, through the venality of a little clique of Chinese militarists and politicians and the cupidity of an equally small group of Japanese imperialists and financiers, no citizen of the Chinese Republic may today operate a wireless station anywhere in his own native homeland. Wireless communication and the radio have become commonplace in all parts of the world and have tremendously enhanced human comfort and commercial efficiency, but here in China no Chinese has the right to operate a wireless station—he must permit the Japanese to perform this service—providing of course, the present-day Chinese are foolish enough to permit this unfair contract to stand!

THE ORIGIN AND GROWTH OF THE KUOMINTANG

DR. C. C. Wu, son of the late Wu Ting-fang and prominent member of the Kuomintang party has contributed an article under the heading, "What is the Kuomintang?" which appears in this week's issue of the *Review*. Dr. Wu was born in Kwangtung Province in 1886 and received his preliminary education at the Atlantic City High School, following which he entered the University of London from which institution he was graduated with high honors. Upon returning to China Dr. Wu was appointed Commissioner of Foreign Affairs for Hupeh and later was elected a representative from Kwangtung to Parliament. He has been a councillor of the Ministry of Foreign Affairs and served for a time as vice-minister of Foreign Affairs in the Canton Government. He declined an appointment as a delegate to the Washington Conference in order to become secretary of foreign affairs in the Sun Yat-sen government at Canton. Upon the establishment of the Nationalist Government at Canton, in 1925, Dr. Wu was appointed a commissioner and served as Mayor of the Canton Municipality, but retired from that position a few months ago. He is now residing in Shanghai. Dr. Wu's article dealing with the Kuomintang political party is of particular interest at this time owing to the extension of influence of that organization under Gen. Chiang Kai-shek, to the Yangtsze Valley at Hankow.

What is the Kuomintang

BY DR. C. C. WU

THE "KUOMINTANG," translated, means the Nationalist Party. It is the direct descendant of the secret revolutionary society, the famous Tungmenghui, which was instrumental in bringing about the downfall of the Manchu dynasty. From being a secret society, that organization in 1912 became a political party under the name of Kuomintang. The founder and leader of both was the late Dr. Sun Yat-sen, revered by the nation as the Father of the Republic. Thrice reorganised, it assumed its present form in 1924. It is at the present time the only political party in China, in the sense that the term is known to European and American democracy. It has definite political principles which have been publicly announced, and adherence to which entitles any man, and any woman, irrespective of nationality, to membership. These principles are fixed and fundamental, although of course the manner of their application to the political and economic problems as they arise from time to time must necessarily vary.

What are the principles of the Kuomintang?

They were formulated and expounded by Dr. Sun himself in his writings and lectures which have been collected and published in book form and are procurable in any book shop. They are known as the "Three Principles of the People."

The first may be translated as the Principle of the People's Nationalism. This doctrine seeks the freedom and independence of the Chinese nation. Europeans will easily recognise it under the name of the doctrine of Nationality which liberated Italy and regenerated Germany and whose influence is still potent today in Europe and other parts of the world.

It was a power in bringing about the downfall of the Manchu domination. It now seeks the liberation of China from foreign political and economic domination. While emphasizing the peace-loving nature of our people, Dr. Sun calls to them to awake and rise and stand on their own feet. The great Chinese nation must no longer be a semi-colonial, or worse still, subcolonial state, to be exploited by foreign imperialism, but should take its rightful place in the family of nations and deal with other members of the family on a footing of equality.

The second principle is that of the People's Sovereignty or for short, Democracy. The people should have the vote, initiative, referendum, and recall, of course after due preparation and education. Besides the division of the powers of the government into the three branches of Legislative, Executive, and Judiciary, Dr. Sun would add two others. Under the unwritten constitution of the Chinese monarchy, while the Emperor possessed these three powers by himself, there were two other functions of government with which even he could not interfere. Certain officials were charged with the duty of holding examinations throughout the Empire which were theoretically the best means of finding the most suitable recruits for the civil and military service of the country. These examiners were free from outside influence and superior pressure, even of the Emperor, and may therefore be likened to judiciary independence. There were again other officials who were known as censors and whose duty it was to impeach any and every official, be he the highest in the realm, if he was guilty of any wrong-doing. The Emperor not only could not interfere with the exercise of this function, but was, not infrequently, the subject of censure himself. These two government functions,

unique in Chinese political theory, Dr. Sun would have preserved, and together with the orthodox triple division of western political science, constitute the "Five Power Government."

The third principle is that of the People's Livelihood, or, if you like, Socialism. Socialism is of course a term which may mean anything from workmen's insurance to denial of property. Dr. Sun's doctrine, however, besides providing for an improvement in the economic welfare of the people in general and the agricultural and laboring populations in particular such as may be found to-day in the statute books of Germany or England, has two important characteristics: (1) Preventing land from being monopolised by a few, whether speculators or "land sharks". With this end in view, there should be land legislation providing that landowners should themselves report to the government the value of their holdings. Land taxation is to be based on such reports, and in order to guard against the tendency of low valuation, the government is to have the option of purchase at the same figure. Such legislation would be especially beneficial in cities. Not only would considerable revenue be derived from land taxation, bearing in mind that in China rural land is taxed, however lightly, whereas urban land no matter how valuable does not pay a single cash of land tax, but what is more important from a sociological point of view, the rapid rise of land values to prohibitive heights which is deplored by students of municipal affairs would to some extent be prevented. When I was in Canton, legislation was being drafted along these lines to be applied to the cities of Kwangtung. (2) Enterprises which are monopolistic in character or which are vital to the economic life of the people should not be left to private exploitation but should be undertaken by the state.

These are, very briefly, the principles which constitute what is called Sunyatsenism and the political creed of the Kuomintang. Their expounder has himself pointed out their analogy to principles implied in the immortal phrase employed by Lincoln. People's Nationalism is "government of the people;" People's Sovereignty is "government by the people;" People's Livelihood is "government for the people."

In the carrying out of these principles, Dr. Sun did not naturally contemplate that the thing could be done all at once. Some things could be done immediately, others would need a period of preparation, more or less lengthy. For example, to give universal suffrage to the people, not to mention the initiative and the other instruments whereby modern democracies exercise their sovereign rights and express their will, without previous training and education, would be nothing short of disastrous. Hence Dr. Sun contemplated three periods of preparation in the execution of his program. The first would be that of military dictatorship when peace and order would be established. The second would be the period of political tutelage, when the prime task would be, as has been said by a famous publicist, to "educate our masters". The third and final period would be the constitutional, when a written constitution would be the fundamental law of the land.

Why is the Kuomintang, in the eyes of foreigners, so closely identified with communism?

This is due to misunderstanding or ignorance!

In the first place, foreigners who so glibly identify Kuomintang with communism do not know, in ninety-nine cases out of a hundred, what the rudiments of the Kuomintang principles are. Communism would for instance, abolish private property and makes war against capital. There is not the remotest suggestion of either in Dr. Sun's teachings.

In the second place, they do not know the history of the admission of the communists into the Kuomintang. When, three years ago, they requested admission, Dr. Sun gave them permission to come into the party on the same condition that anybody else has to observe, viz., adherence to the party principles. Needless to add, not every communist is a member of the Kuomintang, and those who are members form a very small percentage of the Kuomintang.

Is the Kuomintang divided into a Left and Right wing?

No. These terms are currently used to designate on the one hand those Kuomintang members who are concurrently communists or who have leanings toward them, and on the other those who are not. It may be convenient for outsiders to use such terms but I think it is highly improper for Kuomintang members to employ them. There should not be Lefts and Rights in the party, but only those who honestly believe in Dr. Sun's triple principle. Those who do not believe in them are simply not members of the party, and even if they are nominally, are not honest with themselves or with the party. This does not mean that no communist can be a true Kuomintang man, because he may believe in his communist principles and yet think that for the next generation or two, Dr. Sun's principles are what China needs; it is sufficient that while acting under Kuomintang colors he should do Kuomintang work. So you see there is no division between Lefts and Rights, for the very good reason that there is no schism in the party doctrines.

Shanghai, Sept. 18, 1926

Chinese Casualties at Wanhsien Grossly Exaggerated

According to a report of the Wanhsien incident appearing in the *Hankow Herald* for September 17, the previous reports of Chinese casualties and damage done to the city by British gunboats on the afternoon of Sunday, Sept. 5, were grossly exaggerated. According to the original reports of the fight between British gunboats and Chinese soldiers appearing in Shanghai newspapers, a large portion of the town had been destroyed and the Chinese casualties numbered from 3,000 to 5,000.

The account in the *Hankow Herald* which was based upon interviews with foreigners who had been in Wanhsien and had witnessed the bombardment, stated that the number of Chinese killed was extremely small and that the destruction to houses was likewise small and confined to the waterfront where the Chinese batteries were located. According to one foreigner the actual number of deaths was not more than 200 and confined almost entirely to soldiers who were stationed on the two seized cargo boats and who precipitated the trouble by firing on the British landing party causing seven deaths and fifteen wounded.

In addition to the foregoing, a foreign resident of Wanhsien in a letter appearing in the *Shanghai Times* on Sunday, Sept. 19 also stated that the Chinese killed did not number "more than on hundred" and that the number of shops and houses damaged by gunfire and the resulting conflagration numbered "about fifty."

MacMurray Opposes Intervention, Supports Extrality

THAT the United States Government will not join in any plan for cooperative intervention for the purpose of coercing China and that the United States Government does not intend to relinquish its extraterritorial rights in China until China has established her own sovereignty, constituted the most important declarations of the American Minister to China, Mr. John Van A. MacMurray, on his recent trip to Shanghai. Mr. and Mrs. MacMurray departed from Shanghai on Sunday, Sept. 19, after spending several days in the city and in Hangchow. After visiting at Amoy and Swatow and Canton Mr. and Mrs. MacMurray will go to Manila for a visit with Governor-General Wood of the Philippines, after which they will return to Peking.

In an address delivered at a dinner tendered in Mr. MacMurray's honor on Wednesday evening, Sept. 15 by the American Community at the American Club, Mr. MacMurray complimented the Americans upon the rapid development of their interests in this as well as other parts of the world in recent years and expressed the opinion that Americans are now beginning to realize their opportunities and responsibilities in foreign commerce and affairs generally. After referring to the old or "golden period" of American commercial relations with China in the first half of the last century, Mr. MacMurray stated that "we became so occupied in developing our own continent that we neglected our opportunities in this part of the world. Now we are beginning to again take our part and assume our responsibilities."

China Working for Self-Government

China is now engaged in working out the most difficult of all experiments, that of self-government, declared the American Minister, hence as Americans who have always been politically-minded, we should be tolerant of China's mistakes. "We must assist where we can without meddling, interference or intervention," he declared.

In reference to the question of extraterritoriality, Mr. MacMurray said "My instructions are to take the viewpoint that extraterritoriality is a necessary evil that is necessary for the time being, although we all look forward to the time when we can do without it and when the Chinese have formed their own sovereignty. I wish it would come tomorrow, when we could all surrender our rights."

There is not much danger, in Mr. MacMurray's opinion that China may adopt the doctrines of Communism, but there is a real danger that China may adopt the more dangerous Russian ideas of international irresponsibility for treaty engagements.

In closing his remarks, the American Minister plead for tolerance and unification of opinion among American citizens in China, making the statement that "Americans must all stand or fall together."

Opposed to Intervention

In an interview appearing in the Shanghai *Evening News*, apparently the only interview which Mr. MacMurray granted while in Shanghai, he declared that "Agitation for intervention in China by the Protocol Powers is fantastic, offering the opinion that aside from other considerations the task of imposing government on China would be too large to assume. "It might be possible," he said, "for the foreign Powers to govern one city or district, but an attempt to end the present chaos and establish peace and order in all China cannot be considered." Continuing on this point, he said,

"The Chinese must achieve their own political salvation. It cannot be foisted on them. I am a great believer in the Chinese people and I think that eventually China will be unified and pacified although I will admit concrete evidence is lacking at the present.

"It is also true that retrogression, not progress, marks the history of the past decade. We must consider, however, that the attempt to develop self-government is a stupendous one and years will probably be required before success is noticable.

"The anti-foreign feeling of today, however," MacMurray declared, "does not indicate the Chinese care less or care more for the foreigner than they ever did. At least that is my opinion. I think the present anti-foreign feeling is merely incidental to a growing spirit of nationalism that is being asserted more today than ever before."

Canton's Contribution to the Chinese Revolution

BY JOHN C. GRIGGS

Current History, N. Y.

BEFORE my return to Canton from America in September, 1925, it was said that Canton had "gone red," that communism and all sorts of radical movements were in full swing, that the anti-British resentment, which had found expression in boycott, strike, and embargo upon Hongkong, was under Russian influence rapidly developing into so sweeping an anti-Western demonstration that even Americans, toward whom feelings had hitherto been friendly, would be forced to retire from further mercantile and educational enterprises, and in general that chaos and political destruction were rampant.

Nine months' further residence in Canton has shown the exaggeration of these statements. There is a Communist Party, turbulent and iconoclastic, abusive in its anti-foreign propaganda. Its influence is felt in Government affairs, but it is by no means dominant. Its activities on more than one occasion have been summarily curbed. There are Russians who are frank in saying their objectives are not entirely altruistic. They want markets and are already getting them for their oil. As in the North they want to offset the influence of Japan, so here in the South they are with out doubt most eager to undermine Great Britain in every way possible. With this is the larger desire of winning China's adherence to Bolshevist principles and practice. In the propagation of principles they are making progress, but in the disruption of the social order, if such is their aim, in practices of proscription, reprisal and destruction the Russians are at a standstill, having as yet not even made a beginning.

Arrogance of Strikers

The only thing comparable to a reign of terror is the arrogance of the strikers, who when excluded from Hongkong made Canton their headquarters and have since then shut British trade out of Canton and the Province of Kwantung, in which Canton is situated. In all but actual clash of arms Canton and Hongkong have been for a year in a state of war, with the injustices and inconsistencies on both sides which arise from a war psychology. Although the Russians have most skillfully capitalized that controversy to their own ends, they certainly did not originate it. To argue that they did is to blind one's self to other influences far more subtle and deep than any which Russia can bring to bear upon China.

Whatever may be one's final judgment upon the Russians and their sinister economic, social and political propaganda, it must be granted that in some respects they have been a unifying and conserving element in Canton, as witness the firm stand which their chief, Mr. Borodin, took against the anti-Christian disturbance which had been long planned for Christmas week. They have helped create a better trained, better disciplined and more intelligent body of troops than Kwantung has ever had previously, and their influence in civil affairs has been for a well-ordered administration.

The Government now functioning in Canton with such large measure of efficiency claims to be a National Government in its own right. It derives no authority from Peking, but looks, however chimerically, toward extending its area until it shall become supreme in a unified China. A one party Government, its sole source of authority is the Kwomintang, the party which in the past was the exemplifier, as it is now the inheritor of the doctrines and prestige of Sun Yat-sen. The Communist Party is rather a group or faction, partly within the Kwomintang, and is far from being a balancing opposition. The only open organized opposition to the Kwomintang was the military forces under General Chan Chiung-ming and his sympathizers, which were defeated and driven from the province in the Fall of 1925, and which are always spoken of as rebels. The Kwomintang is essentially a radical party, but within it is a great difference, at times almost a cleavage, between radical and moderate wings.

Radicals and Moderates

The personnel of the Government consists chiefly of high-minded, hard-working, clean-living young men. many of them of foreign education. The more radical are involved with the Russians, with the Communist Party and the strikers; the more conservative realize that they have evoked and energized a form of class prejudice which may be their own undoing, and are trying to find a way out of the strike dead-lock and the unfortunate conflicts which it has aroused among the Chinese themselves. All are loud in denunciation of "imperialism." the unequal treaties and all forms of

special privilege. It is hard to understand how the two wings of the party and administration have got on as well together as they have. Coordination and a show of uniformity has been managed by frequent elimination of individuals, members of both the right and the left being retired if they seemed to be getting too much prominence. The mantle of Sun Yat-sen has fallen upon followers, but as yet upon no one strong successor. These two facts—a single party and divided and ever changing leadership—are the elements of weakness, which perilously invite, at some new crisis, a return of military dictatorship.

Justifies its Assumption of Sovereignty

The Kwomintang justifies its assumption of sovereignty on the basis of Sun Yat-sen's theory that China is now, or should be, in the second of the three great revolutionary periods, the "period of tutelage" and that the Kwomintang is the inspired tutor on whom rests the duty of making possible the eventual third "period of an enlightened representative democracy," when the old battle flags of constitutionality, under which Sun Yat-sen so long fought, may by again unfurled.

The first was the "period of militarism," from which the Province of Kwangtung, it is claimed, has now emerged. This claim has been made good by the subordination of the military to the civic power, and by constant emphasis upon the name, a "People's Government." It is evident that no more momentous change for the better could be made in China than this, if it is consistently carried through. Cynics point out that such claim must be accepted with reserve and that the power behind the multiple throne of Canton is still a military man. While it must be admitted that the hand of General Chang Kai Shih is now and then seen in more or less arbitrary interference, the principle is in the main lived up to, and his interference appears to have been wise and constructive.

There is no use in cherishing illusions as to the almost universal Chinese conceptions about independent military power, but the wonder is that the change has been made at all, even in name, and further, in so large measure in fact.

Taxes in much of the Province are no longer collected by the army, but by civil authorities. Expenses are budgeted, controlled and receipted for. The army is paid by civil authorities. It is no refutation to point out that the change is not complete. That the allotment to the army is too large, that its budgeting and auditing are probably not always absolutely air tight, that graft may still be found in the enormously complex system of imposts, farming of revenues and collection, is by no means to disprove that this "period of tutelage" has brought Canton much nearer than ever before to a sane, just and constructive civil government. The question of constiutionality is for the present ignored, or at least deferred.

The Governing Body

The Kwomintang National Assembly meets yearly and, as representing its party members everywhere, not only in China but overseas, elects a Central Executive Committee, to which it assigns unlimited power to choose policies and to legislate. This Central Executive Committee is the Government of Kwangtung, and it aims to make itself the Government of other parts of China as it already has of Kwangsai, the neighboring Province to the west. The Central Executive Committee promulgatee laws, recognizes the established Chinese courts and appoints from its party members various commissioners and other executives—for foreign affairs, for finance, for the army, for reconstruction, for labor, for education—civil and military chiefs, who in cooperation with a "political council" of five appoint district officials and are charged with execution of laws. The committee is evidently somewhat similar to the Government established under Sun Yat-sen's personal control for some few years in Canton. Several features, as well as terminology, are of Soviet origin. It is not bureaucratic in spirit, although it is bureaucratic and dispersed in form. It does not head up as does bureaucracy to a rigid traditional system, but is elastic, vital, creative, with both the strength and the weakness of opportunism.

Continuity and responsibility, if abuses do not become dominant, is the greatest governmental desideratum in China today, in Canton as in Peking; the very element which has been most conspicuous by its absence, not only in Peking, but in the Provinces. Can it be expected that Canton is about to fare better? Can the marked progress of the past year or two be continued? The greatest menaces to permanence are the wide divergence of views among the leaders in the Government and the ever-present threat of military invasion from other Provinces. The greatest limitations to wider efficiency of the present Canton Government are the ancient tradition of banditry, entrenched in arrogance and the new arrogance of organized labor. Its greatest hope both for permanence and for defense lies in the army, upon the morale and strength of which depends the future stability of Canton and the Province.

Russian Advisers Dismissed

Among the items of progress, the profound change which has been wrought in this same army, or at least in its nucleus and strongest units, has been of first importance. When Sun Yat-sen turned to Russia and Mr. Borodin, who is still adviser to the Government, came, there came also Russian military teachers and the Whampoa Military Academy was established for the technical training of young officers. At the same time was begun an effective system of instructing the rank and file in political as well as military duties and responsibilities. The results have been in most respects wonderfully satisfactory in those army corps where it is established. A comment upon the query as to how "red" are these revolutionary and patriotic inculcations is the fact that as the soldier's information and interest developed and they formed societies both for the spread and the refutation of communistic doctrine, these societies were gently but firmly forbidden and suppressed. The gospel of the Kwomintang must be learned, but controversial doctrines must be let alone. The Russian advisers to the army, once the system was established, were dismissed and sent away in the earlier part of 1926, much to their surprise, although of course there are still many Russians in Canton.

Recently I was present at a graduation ceremony of an officers' training school just outside Canton and talked with the Principal and staff, who were exclusively Chinese. There were no Russians there, and only a few other foreigners among the many guests. Our invitations had come from General Pei Fook Lam, military chief of the district in which we live. The men with whom we talked had a fine grasp, in theory at least, of the complexity and discouraging conditions of the troubled epoch. Banditry, which is rife even near Canton, ill-adjusted taxation, army disorder, dilatoriness and graft were discussed candidly and seriously, as baffling problems about which no impracticable or visionary ideas should be entertained. Among the distinguished guests was Wang Ching Wei, at that time the Chairman of the Central Executive Committee and the most prominent member of the Government, a man of radical tendencies, but of rare charm and persuasive eloquence and not one of the foreign educated group. The ceremonies were begun by an obeisance before the picture of Sun Yat-sen and the recitation of his well-known political will and testament.

Gives Russian for Russian Advisers

Mr. Wang had previously told us, in a long public address at the college, of the exact relation of the Russians to the Government and had explicitly stated the reasons for calling them in as advisers: "We have had in the past American and English advisers. If others can help us, why not now the Russians who came as individuals and not as official representatives of the Russian Government?" He disclaimed, as had Sun Yat-sen, the adoption of the Soviet system, as being unsuited to and impossible in China. It is characteristic of the contradictory and puzzling situation that Wang Ching Wei has since that time been eliminated from the Government. Rumor has it that it was because he would not consent to the removal of the army advisers.

It is estimated that there are 60,000 bandits in Kwangtung. A recent newspaper item, not a joke, told of a garden party at which nineteen bandit chiefs met and pledged themselves to a fixed tariff of ransoms and exactions on trade. Banditry then is a sort of wildcat government within the Government, feared and widely dominant. Vigorous progress is being made in its suppression. Heads off here and there are a deterrent, but because of collusion on the part of some more loosely organized military units extinction will be a long story. Although order within the City of Canton is admirably maintained in most particulars, even in these days of political excitement—even on June 23, 1926, the anniversary of the Shameen shooting—the elimination of robbers elsewhere faces the Government as a stupendous task.

Much Friction

The strikers' committees and pickets, shutting off British trade and levying what is practically an extra customs charge on much that comes into Canton, arresting or penalizing merchants or employes who transgress their arbitrary rulings and terrorizing where persuasion fails, are again almost a government within the Government difficult to restrain. They are nominally under control of the Commissioner of Labor, and in much of their activity have positive support of the authorities. Other more arbitrary things are connived at. But beyond these there is constant friction between them and the police, chiefly on the question of carrying arms, which is forbidden, but by no means stopped, and on the extent of their right of search and seizure. They are by no means understricted, must wear distinguishing uniforms and badges and act within prescribed limits, but restrictions are often transgressed. The wonder to the Westerner is that in

the general confusion and conflict attendant upon this, there are so very few cases of homicide. Just what is the proportion of friendship and comity between the administration and the strikers' organization is hard to determine. In June, 1926, however, the Government, by official proclamation, announced that it would adopt every feasible method to make an end of the strike and the embargo upon Hongkong. Though most timid of utterance, the general public was tired of the strike. The "People's Government," after consolidating itself in prestige by exploiting the strike for all it was worth, probably saw that it had become more than it was worth to carry it further.

Meantime, there is by no means so much topsyturvydom and confusion as these things might seem to indicate. A lot of earnest, intelligent men are trying under peculiarly difficult conditions to create and to build. Education is being pushed and industrial opportunity is being studied.

Much Civic Improvement

Miles of streets have been improved this year, new parks have been beautified and opened to the public. City building worthy of the name has gone far, and beyond it plans for a civic center, for better sanitation, prisons, hospitals and communications are well under way. Henry Killam Murphy of New York is in Canton as consulting architect, working with the Mayor and the Commissioner of Reconstruction. Programs of highways, bridges and railways to outlying districts are under expert investigation and look well into the future.

Hongkong has been called the parasite of Canton. In respect of its commerce with China this is true, as witness its millions of loss in trade and in real estate values this year. While Canton has gained in tonnage of imports, in enterprise, in prestige and in a dissipated sense of self-sufficiency, with smaller steamers from all over the world in its harbor, it, too, has suffered enormous financial loss because of lack of those conveniences of trade which Hongkong can furnish. Until Canton can have a deep-water harbor of its own, with all the mechanisms of lading, storage and credit which Hongkong has developed, it, too, in a lesser sense, is a parasite. In less objectionable phrase Hongkong and Canton are interdependent. Neither, as at present constituted, can flourish long without the other.

How British Erred

It is now freely admitted by the Hongkong press that the great mistake was made when the British, to whom Sun Yat-sen had always been anathema, refused in 1922 to cooperate with him in a vast plan of mutual development, involving waterways, railroads and, with full recognition of Chinese rights, an orderly and sane—not a parasitic—development of the trade of South China. It was only after this refusal that Sun Yat-sen turned to Russia. "You Americans say you are the friends of China," he said in 1923. "Then *why do you not have a Chinese policy?* But the United States has no Chinese policy. You allow yourselves to be led by the nose by the British." This seems a harsh and an unfair criticism, perhaps, but it is the plausibility of such criticism rather than the criticism itself about which Americans might well be sensitive. China needs readjustment with the West, and the West in even greater measure needs readjustment with her, and this last is what the treaty port foreigner either cannot or will not see. Hongkong by its own admission, is seeing a little of its truth.

In spite of all the debris of disruption which continually falls about our heads, in spite of fatuous and cruel reasoning constructive forces are already working and China's period of emergence into coordinated progress may come sooner than now seems possible.

China Foundation Issues First Report

The *China Foundation for the Promotion of Education and Culture*, organized for the purpose of administering the balance of the American share of the China Boxer Indemnity, has issued its first report, the booklet containing some 50 pages of information and financial reports showing the status of the fund. The Board of Trustees is composed of W. W. Yen, chairman; Paul Monroe, vice-chairman; Chang Poling, vice-chairman; Dr. V. K. Ting, secretary; and C. R. Bennett and Y. T. Tsur, treasurers and the following members, J. E. Baker, V. K. Wellington Koo, R. S. Greene, John Dewey, Fan Yuen-lien, Chiang Monlin, P. W. Kuo, Huang Yen-pei, and Dr. Sao-ke Alfred Sze. The secretarial includes in addition, H. C. Zen, Y. C. Koo, W. T. Tao and T. Y. Pai.

The Report includes an explanation of the origin of the Foundation with statements by the Board of Trustees, Executive Committee. In the appendix is a copy of the constitution of the Board, principles adopted in the allocation of funds with plans for establishing fellowships in science instruction.

Why America Prospers [1]

BY BERTRAM AUSTIN AND W. FRANCIS LLOYD

[We print below salient paragraphs from the confidential report upon American prosperity made by two well-known British engineers to their association. It records the results of their investigations of some seventeen of our leading engineering-plants, supplemented by visits to several banks and technological institutions and interviews with leading business-men.]

After a careful examination of the general conditions obtaining in the country, we have come to the conclusion that the present prosperity can be traced to the adoption of, *and strict adherence to*, a few cardinal principles in the *management* of industrial enterprises. While the chief credit is given to the American manufacturer for the prosperity, several other factors have undoubtedly contributed, among which may be mentioned the good prices obtained for crops, the low debt burden and low general taxation, the improvement in the banking-services to the community, and the far-sighted policy of the Government in not allowing a credit expansion based on the gold influx, thus preventing the rise in the general level of prices anticipated by Europe.

America Has the Secret

America has hit upon the secret of prosperity owing to the fact that the scarcity of labor forced her, out of sheer necessity, to adopt time-and trouble-saving devices, but in many quarters in Great Britain American prosperity is attributed to the wealth of her natural resources, her considerable home market, and the influx of gold.

Exhaustive inquiries and observations disclosed the operation of a uniform policy of industrial management based on some fundamental principles. Among the more important of these principles the following emerged:—

1. It is more advantageous to increase total profits by reducing prices to the consumer, at the same time maintaining or improving quality, with a consequent increase in the volume of sales.

2. The productive capacity per capita of labor can be increased without limit according to the progress made in time- and trouble-saving appliances.

3. Rapidity of turnover makes for small capital requirements, both funded and working capital—that is, the capital required for shop space (including equipment) and the finance of work in progress.

4. *It is better that labor should be rewarded by wages* bearing some relation to output, the amonnt of the wages earned by any one man being in no way limited. Contrary to the general belief in Europe, high wages do not necessarily mean a high level of prices. It is to the advantage of the community that the policy of industrial management should be directed toward raising wages and reducing prices.

5. It is important that every possible attention be paid to the welfare of employees.

6. A free exchange of ideas between competing firms should be advocated.

7. The success of an enterprise is, in a large measure, dependent upon a strict adherence to the policy of promotion of staff by merit and ability only.

8. Research and experimental work are of prime importance to progress.

9. Elimination of waste is an essential factor in the attainment of national prosperity.

Quick to Adopt Improvements

. . . With the progress of invention and with the greater reliability and accuracy of machines it is very clearly realized in America that no limit can be set to the output which can be attained by one man. It therefore becomes important to keep in close touch with inventions and improvements in machinery and after satisfactory trials to adopt the improvements with the least delay. Since this is such an important factor with American manufacturers, what appears to European industrialists to be ruthless and wholesale scrapping of plant is nothing more than a normal means of progrses. Depreciation charges therefore figure largely in the accounts of an American manufacturing business. We would illustrate this by mentioning the case of the Allied Chemical and Dye Corporation, whose real estate, plant, mines, and equipment are valued at $153,000,000. During the year ending December 31, 1924, this corporation allocated no less than $81,400,000 to depreciation, obsolescence, and the like. Incidentally we may add that the corporation in the same year paid an eighty-per-cent dividend on its common

[1] From the *Review of Review* (London Liberal bimonthly) Reprintep from the Living Age, Boston.

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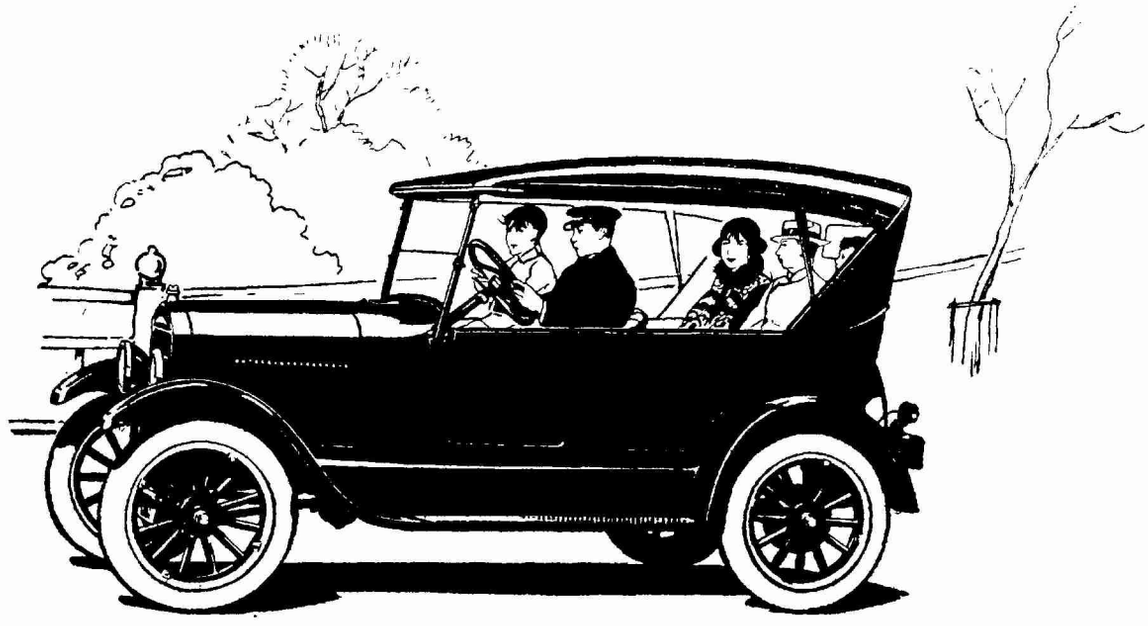

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stock, and has, during the last three or four years, freed itself of its prior charge obligations. It was mentioned to us, by the president of this corporation, that it was often found to be more advantageous, when scrapping plant, to abandon the buildings and machinery rather than to incur the expense of dismantling.

With the constant introduction of new machinery the productivity per capita of labor is being steadily increased, and this point alone is of supreme importance in the examination of the causes that have led to America's prevailing prosperity.

We would mention, as an illustration of what has been accomplished in this direction, that at the Power Station of the River Rouge Plant of the Ford Motor Company one man only is employed to control the stoking of each battery of four coal- and gas-fired boilers which raises steam for 70,000 horsepower. A further instance is afforded by the Colt Patent Firearms Manufacturing Company, where, in one of the shops, one man attends to eight milling machines for small parts. Again, at the Lincoln Motor Car Company, Detroit, one shop containing seventy-eight machine tools is operated entirely by twenty-two men. This number includes the necessary supervision and inspection. To turn to an entirely different type of business, we noted, while going through the whole organization of the First National Bank at Boston, that a clerk in the metal-currency department was able, by means of a machine, to count and pack into five-dollar cartons four thousand dollars' worth of ten-cent silver-pieces an hour. Throughout the organization we noticed no member of the staff making handwritten entries of any description, calculating and ledger-posting machines being universally employed.

Developments in time-and trouble saving appliances are mainly in two directions—

1. In the invention of machines to do more accurate and skilled work.

2. The increased use of conveyors and other mechanical means for reducing the amount of labor required for handling.

It is accepted in America that the higher the wages labor is able to earn the better it is for the community as a whole, since it enables the workingman to raise his standard of living. Better wages enable him to obtain a few of the comforts of life, and these stimulate his desire for more comforts, and even luxuries. The logical outcome of this state of things is that he is incited to greater effort in his productive capacity.

Any rise in the standard of living provides a country with an increased home market, the importance of which should not be underestimated. Primarily the wealth of a country depends upon the productivity per capita of its population. Therefore the adoption of any means tending to increase the productivity per capita will *ipso facto*, increase the national wealth.

We have attempted to show how the application of this principle is of advantage to the community. Turning to the employer, it is fairly obvious that if his men are paid a wage bearing some relation to their output, together with a clear understanding that no limit will ever be placed on the actual weekly earnings of any one man, an incentive to work is provided of no mean importance, since it reduces the need for supervision and it encourages the men to use their ability in the direction of devising more efficient shop-methods and eliminating waste. Nothing but the greatest harm can be done by cutting the piece rate, once established for a particular job, as this immediately destroys the confidence of the men in the employers and proves that the employers do not desire to see higher wages. From the men's point of view they are in a position to increase their own earning in accordance with the aptitude they possess. We may mention that all the workmen we observed during our tour appeared to be happy and contented, and were not by any means rushed in their work.

The application of this principle in America is responsible for concentrating the energies of both management and labor upon the same objective. The identity of interests thus established leads to an improvement in the relations between employer and employed and results in close cooperation between them for the benefit of the enterprise. The General Electric Company, at Schenectady, has a Works' Council composed of a body of workmen and officials elected by secret ballot. Meetings are held once a month, when all questions relating to shop methods and practice, rates of pay, hours of labor, welfare, and other items are discussed. The chair is taken by the general manager.

When the above state of affairs is firmly established in a business the employees clearly understand that the raising of wages forms part of the policy of the employers aiming at larger profits through increased turnover. Conversely, any organization of labor which has for its policy the restriction of output or the raising of wages without regard to output aims a direct blow at the prosperity of industry and therefore of the men themselves. . .

We were much impressed by the consideration given to the question of the welfare of the workmen at the various plants we visited. Safety devices and the increased hospital services have resulted in a marked diminution in absenteeism on account of injuries and sickness. The productivity per capita is so high that a great loss is suffered by the employer when a man is absent. In a large number of works, also, the management ensures that the men obtain the best procurable meals and household provisions at the minimum prices. Provision stores are seen at many works, and they are operated on a profitless basis. At the Ford plants men of all grades find it economical to make their entire food-purchases at the stores provided in the works. Incidentally, the Ford employees obtain as much as they desire for their midday meal for fifteen cents. It is significant that the turnover of the Ford provision stores is no less than $9,000,000 per annum.

Again, it is very general for every member of the staff to have a steel locker for his clothes and other belongings for safety and cleanliness during the day. So much attention has been paid in America to the desirable attributes of cleanliness, comfort, safety, and light that we were agreeably surprised to see the very congenial surroundings in which the men work. We may instance the boiler-room at the River Rouge Plant, Detroit, where the floor is not only spotlessly clean but is even highly polished, while the stokers themselves wear white-cotton suits and white-canvas shoes. At the same plant even the blast-furnace operators worked in perfectly clean and dustless surroundings.

No dust from grinding machines or emery wheels is allowed to enter a workshop, but is withdawn from the machines by draft tubes. The sawdust from woodworking machines is disposed of in the same way. We were surprised to find the extent to which the maximum possible window-space was utilized in the design of shop buildings.

Attention to the welfare of employees builds up an *esprit de corps* in the organization and provides it with a 'soul.'

The Americans have never believed in the theory that executive ability is inherited. In every case, befor substantive promotion is made ability must be definitely proved. On the other hand, when mistakes are made, or lack of functioning ability is shown, there is no hesitation in reducing in grade or removing the incompetent. It is easier to remove a man who does not efficiently control the machinery than to remove the machines; there should, therefore, never be any hesitation in dealing with an inefficient member of the staff. Since it is contrary to American practice to retain elderly men in executive positions, one is not surprised to find, in industrial America, that the majority of responsible positions are held by comparatively young men. The retiring-age is much earlier than is the case in Great Britain. We find in the larger American organizations that almost complete control is vested in one executive head by the board of directors. The appointing of this head is the chief function of the board.

This policy eliminates, to a large extent, favoritism in the appointment of members of the staff. The great responsibility vested in the executive head ensures that the best men are selected for the respective positions. Since the members of the staff fully realize that promotion can come only as a result of ability and efficient functioning, there is a complete absence of manoeuvring and intrigue to gain or retain good positions. Internal strife and waste of time are in consequence absent. The further waste of time and effort in dealing with criticism, prompted by lack of knowledge of the facts, is also avoided by the complete authority vested in the executive head. A prominent business-man in New England informed us that the first economy, made, in the case of a firm that found itself unable to pay dividends, was the stopping of directors' fees. In our opinion a great deal of the available ability in England is being misdirected in many ways, among which is its utilization in an endeavor to force sales at prices above those of our competitors. More attention should be paid to reducing the costs of manufacturing our products, instead of vainly endeavoring to secure high prices from the purchaser.

To reiterate. American executives have no compunction in relieving their organizations of inefficients.

It is accepted in America that the path to progress and prosperity lies primarily in the reduction of costs chiefly by means of the greater and greater application of time-and trouble-saving devices, new processes, and the improvement of transportation. This clearly can be accomplished only

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COMMERCIAL SAVINGS INVESTMENT

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by research. It is of such importance that American manufacturers are concentrating a large proportion of their activities on research and experimental work. Moreover, they devote considerable sums of money to this cause. American executives scour the world to obtain the best ability in the fields of research in which they are most interested. We would instance the well-known, large, and efficient research-department of the General Electric Company, which we visited at Schenectady. These laboratories produced, *inter alia*, the Tongsten filament lamp and the Coolidge X-ray tube.

The work of the Research and Experimental plant of the Ford Motor Company at Dearborn, Michigan, is truly amazing. This company procured the services of Mr. Carl E. Johansson, the inventor of the Johansson gauge blocks, from which improvements are now being made under the supervision of this gentleman. The Ford laboratories discovered that it was more economical, taking into account post and strength, to use flax rather than cotton in the manufacture of the body of motor tire covers. The company now grows its own flax at Dearborn. The crop is harvested, spun, and woven into covers at the Ford plant at Detroit . . . .

The anticipation of saturation in America's home consumption is rather apt to be overstressed. There are certain commodities that now enjoy a large sale among the richer classes but which will be produced in larger quantities when they are made available to the lower classes by a reduction in price. This point should be remembered when considering the development of our home market. The Ford Motor Company now produces two million motorcars per annum, and in spite of this we found the company has as much as it can do to cope with the demand in the United States alone. We discussed this situation with two prominent Ford dealers from St. Louis, who said, quite definitely, that the potential market for Ford cars among the farming population of the Middle West was only as yet scratched, their own sales amounting to but ten thousand cars a year.

We now come to a point to which we earnestly wish to direct the attention of British manufacturers. It was generally admitted to us that the Americans have very little knowledge of marketing their goods abroad, so that, given the same quality and prices, they have a long way to go to compete with Great Britain in the development of selling organizations abroad. We are convinced that the attention of American manufacturers will, for many years to come, be centred on their home markets, during which time it will not be necessary for them to make serious attempts to develop foreign markets. On the other hand, we cannot too strongly emphasize the fact that the general costs of production in the United States are slowly but surely on the downward grade. Unless other nations can equal their price and quality, the time is not far distant when foreign purchasers will find it advantageous to establish their own purchasing agencies in America itself. From the American manufacturer's point of view his products will tend more and more to sell themselves abroad on account of quality and price, rendering it unnecessary for him to find his own foreign market. This procedure has, of course, taken place in Great Britain in the past. The coal of South Wales, for instance, owing to its good quality and price, has attracted foreign purchasing agents who established themselves in Cardiff. This, then, is the nature of the danger of which British manufacturers must take notice.

To sum up, therefore, the lack of foreign selling experience on the part of American manufacturers, which has been responsible for belittling their competitive capacity in foreign markets in the eyes of British manufacturers, is entirely outweighed by their unquestioned ability to produce at low cost, and so will certainly not prevent the purchase of their goods abroad....

Labor-saving machinery has come to be regarded in England as a device for doing away with labor—meaning men. It should rather be thought of as time-and trouble-saving machinery. It is machinery for helping the workingmen to increase his output and his earnings, and therefore, under proper management, to raise his standard of living.

The secret of prosperity of an industrial country undoubtedly lies in the use of every means for increasing the productive capacity per capita, coupled with a managerial policy which provides every man with an incentive to increase his turnover. In Great Britain management has, in most cases, failed to provide this incentive. As a consequence labor, in self-defense has had recourse to protection through trade-union organizations, and for this labor cannot be blamed. Owing to the failure of management to convince labor of the advantages of increased productivity by paying, in some proportion to output, hard cash in wages at the end of the week, the introduction of time-and trouble-saving devices has been looked upon with disfavor and even suspicion by the trade-unions. This has driven the unions to the opinion that limitation of output is the only means of maintaining wage rates and employment.

In Great Britain progress in industry, for this reason, appears to have come to a standstill, and it has been left to the management of American concerns to continue the industrial progress which commenced in Great Britain.

Our aim should be to raise wages. We cannot do this unless we provide appliances for increasing labor's productivity.

There are certain natural resources in Great Britain the potential value of which does not appear to be fully appreciated. We refer chiefly to the available water-power. In Great Britain the idea prevails that the only water-powers of value are in North Wales and Scotland, possibilities of low fall developmants on every river in the country being ignored. It is striking to find that, although the Ford plants at Detroit are comparatively close to the coal-fields, the company has found it economical to develop a head of only seven feet, six inches, on the Huron River to produce seven hundred kilowatts, not to mention several other smaller developments undertaken by this concern....

American business aims at the complete elimination of outside finance, the tendency being to use banks merely as clearing houses for payments and receipts. Not only is this of advantage to the business, but it also relieves the banks of the risk of financing, by means of floating or funded indebtedness, badly managed concerns.

Many British authorities have attributed American prosperity to the wealth of her natural resources, her considerable home market, and the influx of gold. America has really stumbled upon the secret of success owing to the fact that the scarcity of labor forced her, out of sheer necessity, to concentrate on the adoption of time-and trouble-saving devices. In Great Britain we have never experienced this scarcity of labor. We are fortunate in having a quality of labor second to none. Our workmen are well educated, intelligent, respectable and respectful, honest and conscientious. Moreover, we have in our people, apart from physical fitness of the first order, latent talent in the shape of initiative and ingenuity and a determination to face every trouble we can dig up. Taken altogether the foregoing represent an asset of far greater value than the whole of the natural resources of America.

With regard to America's considerable home market it should be remembered that, in proportion to the size of the country, her population is smaller than that of Great Britain.

In our opinion the influx of gold has merely been responsible for stemming, for a temporary period, the steady downward tendency of the level of prices in America.

While Government can assist in a return to prosperity by legislation directed against the pernicious system of price-fixing rings, which undeniably exists in Great Britain, success can be achieved only by individual initiative and effort on the part of the management of industrial concerns. As a proof that the difficulties that such a management would have to face are not insurmountable, we would mention that at least one British firm to our knowledge has already adopted, with striking success, the lines of policy generally indicated in this Report. The wages paid by this concern have already risen to approximately double the standard trade-union rates.

An exemplary lead by the Government in drastic cuts in national expenditure would provide an incentive to the elimination of waste.

Plant Pathology in China

"Chinese farmers are becoming alive to the drain caused to their crops by harmful insects," says an article on the subject in the current issue of the Chinese Economic Bulletin.

The problem is complicated, however, by the difficulty in organizing workers of anti-pest campaigns. Chekiang farmers have made remarkable efforts in warring against cotton and other bolls, but the insect and pest toll of other crops is still high. The division of plant pathology of the college of agriculture and forestry of the University of Nanking in its annual report points out the great losses that the farmers experience with their crops every year. Some of the loses are as high as 25 and 53 percent.

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China's Relations to the Great Powers

BY HAROLD S. QUIGLEY

(*Current History, N. Y.*)

TWO powerful forces are at work to destroy each other in the contemporary international relations of China—the older diplomacy of the powers that fought the World War and made the Peace of Versailles together and the new diplomacy of the Union of Soviet Socialist Republics. The outcome is still in question. China, on her part, although she has not lost but gained standing in the international community during the republican period, is faced by difficult problems in her relations with a number of powers as she seeks to obtain a position of equality with them. The powers with which she is particularly engaged today are Japan, Russia, Great Britain and the United States. France is inclined to maintain her position and to act as an individual in the Far East. Germany is slowly regaining trade and influence.

At the present juncture Japan wears the smooth vestments of conciliation. Deprived of her Shantung acquisitions, her Manchurian "Demands" reduced or denation-alized, her amour propre outraged by the American immigration act, Japan has given the world an amazing proof of civilization in her temperate conduct. Her view today is the long view; she is willing to wait, and while waiting she is improving her time making friends; not as a respecter of persons either, but wherever she finds a welcome. Beyond doubt this friendly attitude has succeeded. No State today calls Japan enemy, not even China. With Russia she is back on terms of tolerance. And she maintains her place among her allies and associates of the war period with undiminished influence.

Toward China Japan's policy is aimed at bringing about a common attitude and a joint program of action in the preservation of the territorial and administrative integrity of the two empires. This policy is complemented by an unofficial movement among the literary people of Japan toward producing a mutual regard among Japanese and Chinese for Oriental culture and mutual action to maintain and intensify it. The existence of the policy of conciliation is demonstrated by Japan's action in restoring Tsingtao and the Shantung Railway and other privileges, by her withdrawal of troops from Hankow, her surrender of her control of the "Asiatic Monroe Doctrine"—tacit in her acceptance of the abolition of spheres of influence in China—and her withdrawal of Group V of the Twenty-one Demands, also by a number of less advertised actions, such as her support of Chinese opposition to foreign railway supervision, her lukewarm support of the Consortium's condition of financial supervision by lending powers, her attitude on certain issues at the Tariff Conference and her failure to take vigorous action in a number of incidents in which Japanese nationals have been killed or injured, the last of which involved an affront to a Japanese warship.

Unfortunately, a large part of the favorable influence thus being exerted is canceled in the Chinese mind by Japan's policy in Manchuria. The most important of the Twenty-one Demands that still survive are those which compelled China to extend the leases of Liaotung, with its great ports, Dairen and Port Arthur, and the railways of South Manchuria to ninety-nine years. With the leases is associated Japan's monopoly in fact, if not in name, of the Fengtien coal and iron beds. In the consortium negotiations, the outcome of which was made a part of the record of the Washington Conference, Japan was led to modify her expression of railway ambitions in Manchuria. But she did not surrender them by any means, and it is highly significant that the Consortium has not built any railways in Manchuria, while Japan has practically completed the line from Taonanfu to Tsitsihar, which was specifically set down in the negotiations as one to be built by the consortium. This privilege, certainly, Japan would not undertake to exercise without the consortium's consent. To the Chinese it must appear as if the Consortium had made a "grandstand play" to get Japan to include her spheres within the pooling limits of the associated banks in order to get China's confidence, with the understanding that Japan would be left alone in the actual exploitation of South Manchuria and Eastern Inner Mongolia.

Japanese Interests in Manchuria

Meanwhile, South Manchuria fails to attract non-Japanese enterprises and takes on day by day a more Japanese aspect. Is Japan hoping that a policy of supporting China's wishes elsewhere will prove an adequate compensation for South Manchuria? In the development of Chinese sovereignty

there will not be room for the obvious political corollaries of the sweeping economic activities which Japan now exercises in that region. Either Japan will have to restrict herself to purely economic enterprises or she will have to annex the region. So long as the Chinese continue to believe, as they do today, that Japan contemplates—given the time and circumstances—the annexation of a portion of Chinese territory, Japan will find it difficult to bring about that cordiality of relations which today she is seeking so consistently.

With Russia Japan is back on a treaty basis, and an influential, but not the most influential, section of Japanese opinion is supporting the establishment of a close accord with the Soviet Union. The success of that group, however, would involve a sacrifice of Japanese ambitions, which are no longer satisfied with a free hand in developing Southern Manchuria, but contemplate railway building and other enterprises in the northerly portions of that great region which were recognized by Japan previously as Russia's sphere of activity. Russia continues to desire that sphere, is in a position to hold it and cannot be expected to ally herself with Japan on any other basis than the old one of a division of Manchuria and Mongolia between them.

After the retention of her Manchurian position Japan places first the maintenance of the most cordial relations with the United States and the British Empire. In this connection the outstanding features are the doctrines of the open door and the integrity of China. Toward making these doctrines effective Japan made by far the greatest contribution at the Washington Conference in surrendering her Shantung conquests, raising no objections to the operation of the most-favored-nation clause in South Manchuria, agreeing to the abolition of spheres and dropping Group V of the Twenty-one Demands. Through these provisions Japan aligned herself definitely with the powers which have stood most consistently for the open door and China's integrity.

Granting this, Japan's problem is that of maintaining harmonious relations with her two great competitors for the trade and exploitation of China and at the same time seeking to establish a Far Eastern "front" toward the West and to explore the possibilities of her new rapprochement with Russia. She has the great advantage over Great Britain and the United States of position, of cheaper labor and of intimate acquaintance with the civilization of China. If she wished she might raise the cry of race equality. But so far she has demanded simply equality for her own people, a sign of her difficulty in trying to face both East and West at the same time. What she lacks are capital, mineral resources, and food for her people. The latter two she now obtains from South Manchuria, and to retain them on some assured basis she would probably stake her existence, as would any other people which had received recognition as a great power.

Japan is not inclined today toward any type of cooperation with other powers designed to supervise or control any feature of Chinese administration. In this respect she is, apparently, more solicitous of China's administrative integrity than are the other Consortium powers. That may be true or it may be that she anticipates greater influence for herself if the proposals of international supervision are thwarted. At any rate, her opposition to any extension of foreign supervision is an obstacle to smooth relations with the other powers. At the same time it is in accord with China's new nationalism and with the vaunted anti-imperialism of Soviet Russia. This development, together with the fact of the Russo-Japanese treaty, finally concluded after a prolonged series of negotiations, and the arrival of China and Russia upon a working basis, has promoted the suggestion that a Far Eastern bloc is in process of formation, having for its main object the destruction of Western preferential rights in China and the adoption of a unified program toward other powers.

Japanese Friendship

It is clear that Japan wishes to pursue a policy of friendship toward all nations today and that she will not willingly join any combination that would bring her into opposition with other countries. She prizes her high place in international society and her very profitable trade with the United States. She has special reasons for seeking the confidence and cooperation of China and Russia, but it would be no compliment to Japanese diplomacy to suggest that it would think of weighing China and Russia in the balance as against the British Empire and the United States.

To analyze the contemporary position of Russia in the Far East is a task rendered no easier by her progress in obtaining recognition from all the great powers save the United States.

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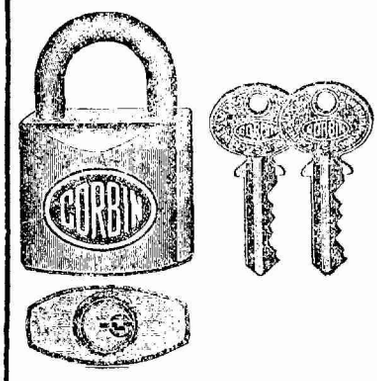

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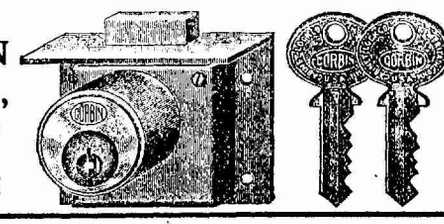

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The Soviet Government won the esteem and confidence of the Chinese people when it surrendered voluntarily those general treaty rights, extraterritoriality, customs control, residential concessions, and legation guards, which the newly-awakened nationalism of China so strongly resents. It is true that the Chinese Government had canceled a number of Russian rights before 1924. But it appears now to be probable that it intended to surrender its rights in order that it might use its new position of "equality" with China as the platform from which to deliver the attack upon the "imperialistic powers" which has appeared as the most striking and consistent feature of its policy in China since May 31, 1924.

Between 1920 and 1926 there has been time for the Chinese to appraise the Russian sacrifices and to discover that they do not include all that had been anticipated from the manifestoes that were published. On the Russian side it has been found that the influence of Chang Tso-lin in control of Manchuria, must be countered before arrangements made with a less recalcitrant Government at Peking can become effective. Relations which seemed to be developing very cordially, culminating in the Sino-Russian agreement of 1924, have not yet produced a definitive treaty, and the likelihood of such a treaty being signed is difficult to estimate. In the meantime the Soviet Government has employed itself in public incitement of the Chinese people to a revolt against the "unequal treaties."

The significance of the denunciations, the amount of "Soviet gold" distributed and the influence of Russian civil and military advisers have been exaggerated. The Russian sun and rain have played upon soil well seeded and fertilized by the general contribution of Western ideas, not the least of them American. Nor is the crop genuinely Bolshevist, since, as the Russians themselves admit, Chinese conditions are not suited to the development of communism. China has no exploiting class and no great class distinctions, no autocracy in Government, landholding or the church. She is, however, educationally, industrially and politically backward and she has come recently to ascribe her backwardness in large part to the various restrictions placed upon her movements by foreign control of her revenues and foreign exemptions from her laws. Hence her ready response when a single foreign nation surrenders rights which preachers and teachers of many foreign institutions in China have taught their students to regard as essential to that vague but universally desirable attribute which Western States call sovereignty.

As in the case of Japan, progress toward a mutually satisfactory Sino-Russian regime finds obstacles in Rûs ia's obvious intention to retain the old Czarist spheres of influence in Outer Mongolia and Northern Manchuria. True, Russia recognized in 1924 "that Outer Mongolia is an integral part of the Republic of China," but it is well understood that the recognition of sovereignty has been in the past and may be in the future the disguise put on by a more powerful Government in which the actual administrative control and usufruct of the "protected" territory resides. Russia faces Japan for the control of Northeastern Asia just as truly today as ever before, and she would hesitate, even if she were inclined to do so, to withdraw her influence from a region bordering her own territory so extensively when the probability of Japanese influence taking its place is so strong. In view of her long-standing interest and influence in Mongolia and of the comparative success of her propaganda there, Russia is not inclined to do more than pay lip-service to the weak and distracted Chinese Government.

Russian Sphere of Influence

As for Northern Manchuria, the Soviets have

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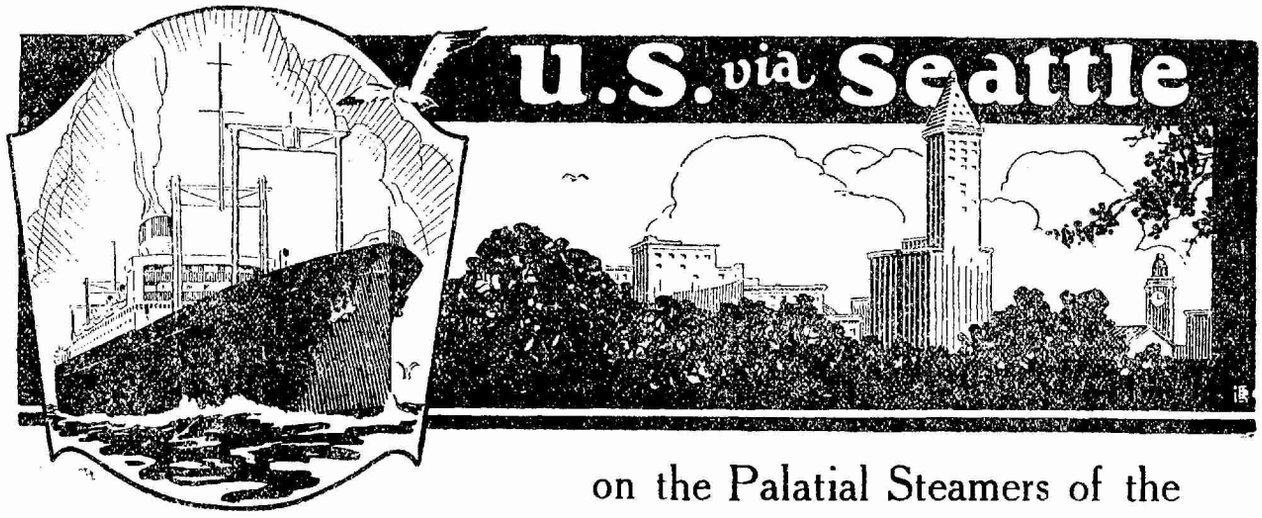

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dispossessed the surviving Czarist influence there by the simple device of consenting to declare with China that "the Chinese Eastern Railway is a purely commerical enterprise"- as if it could be made such by the mere statement. Although the administrative usurpations of the old Russian regime in the railway zone have been swept away, there is no way by which a great power can operate a railway through the territory of a weaker State without exercising political influence over the area and the government. Northern Manchuria thus continues a sphere of Russian influence just as Southern Manchuria remains a Japanese sphere. China hardly will deal confidently with Russia under such conditions, particularly in view of the fact that the Soviet Government, in its anxiety to obtain control of the railway, stooped to make a separate treaty with Chang Tso-lin, who had, two years previously, declared Manchuria independent of the Peking Government.

Russia promises, without date, to withdraw her troops from Outer Mongolia and to permit the Chinese Government to redeem the Chinese Eastern Railway. Events, however, may render these promises obsolete. It would seem that there are the gravest possililities, among which China's internal confusion would prove the primary factor, of a division of the spoils on either a friendly basis or after another conflict between the two powers at present in actual control of the vast northern marches of China. The disadvantages thus suffered by Russia and Japan in their diplomatic relations with China are not unique. Rather do they serve to place those countries, in Chinese eyes, in the same class with the rest of the imperialistic powers and to offset any special advantages of position or similarity of culture.

The Chinese people respect and fear but do not love the British. Upon them they place the major portion of responsibility for forcing China to admit Western intercourse upon equal terms and they think of Great Britain today in terms of territories lost or well-nigh lost, of government services—the customs and sait administrations—managed by aliens, of peremptory demands for strict observance of treaties. In short, to the Chinese Great Britain stands as the author of their unequal international status and the guide of the diplomatic body in maintaining it.

The British have been, from the beginning of trade with China, at the centre of every argument which concerned the treaty rights of foreign States. History repeated itself very recently. The incidents involving bloodshed at Shanghai and Canton in May and June, 1925, have reacted upon the whole foreign community in China, but principally upon the British. British trade is suffering a boycott today at Canton, while that with other countries is welcomed. It has been the policy of Great Britain to deal firmly with the Chinese, to rely upon the shrewd business sense of the people rather than their friendship, to assure the safety of the foreign community by intimidation rather than conciliation. Whatever is owed to that policy in the past, it has produced a legacy of ill-will to set beside its benefits.

Added to her own sins in the eyes of the Chinese were Japan's when, in consequence of the Anglo-Japanese alliance, Great Britain was practically forced into endorsing the aggressive program of Japan. With the termination of the alliance began a new perioe int British relations with China, one in which emphasis was to be placed upon cooperation with the United States and the actual application of the Open Door doctrine. The evidences of the new policy on the British side are collaboration with the United States in determining the scope and terms of the loans that might be made by the Consortium and acquiescence in the American policies of holding the traiff revision conference and of carrying on the investigation of extraterritoriality and Chinese legal administration as provided for at the Washington conference.

British relations with China were rendered more cordial by the declared intention to restore Wei Hai Wei, the British lease in Northern Shantung, but negotiations to that end have not moved rapidly. Opinion among British missionaries in favor of treaty renunciation has been gathering force and has been exerted to affect the action of the Government. Symptomatic of the realization of the issues at stake is the recent action of the Shanghai Municipal Council in voting to recommend the admission of a limited number of Chinese members. Recently the British Parliament voted to return the unpaid portion of the British share of the Boxer indemnity to China. Most significant of all the evidences of the change in the British attitude is the refusal of the Government to compel the opening of the port of Canton, closed by the boycott, to British trade.

The question of Tibet remains an issue between China and Great Britain. That little known region wishes to continue as in the past an autonomous vassal State of China. No doubt that relationship would be satisfactory to China if she could feel confident that it would remain perman Butent.

she fears that advantage will be taken of her slight control over Tibet and desires to bring the area more completely under her Government. To Great Britain the interest in Tibet is twofold—trade and security. In 1912 she refused to permit China, under the strong Government of Yuan Shih-kai, to conquer the faction in Tibet that was opposing a closer integration of the territory with China. Not, apparently, wishing Tibet for herself, she will not permit it to become a portion of China proper.

The Chinese realize that the amelioration of their international status depends principally upon the attitude of Great Britain, because of the preponderance of that country's investment in the trade and development of China. What they should also realize is that the British argument of mutual advantage is well-founded. In British governmental circles it appears already to be recognized that the new spirit of China calls for new methods of treatment and that it will be necessary to establish a more equalitarian relationship between China and capitalist nations before the former profitable era of railway and industrial development can be revived. Undoubtedly, British interests, like those of America, will prosper most in an atmosphere of equal opportunity, provided that the Chinese are enabled to feel confidence that the same equality exists for them as for the nations competing for their trade. The British position is a hard one today, because it appears inevitable that in the impending period of restoration of authority the largest foreign interests will suffer the most. It is for China to take account of this fact and to moderate her demands for immediate emancipation.

America's Position

Americans have not been mistaken in believing that the Chinese have regarded them as friends. Without smugness, because outsiders admit its truth, Americans may claim to have dealt more fairly with China than has any other important trading and investing people. That the Chinese of every class and in all parts of the country know this is evidence of the existence of channels of information accessible to the illiterate. The resulting good-will today is less evident. The people of China are tending to place America in a common category with the "imperialistic powers."

America's good name in China was earned during a period when other Western countries were seizing territories and demanding extensive spheres of interest. It was John Hay who, while terminating the movement toward the break-up of China, introduced the principle of the Open Door and in so doing placed the United States on an equality with other States in the economic development of the country. For two decades the Open Door policy was destined to lie in the pigeon-holes of foreign offices, to the disadvantage of the United States financially, but to the preservation of American credit with the people of China. President Wilson contributed to our prestige in withdrawing from the financial Consortium in 1913. The change in America's position came when the President changed his mind and endorsed our re-entry into the Consortium. The United States then became the dominant voice in a combination which was prepared to shut off the greater sources of loan funds from China unless that country would authorize a degree of foreign financial supervision which it considered both objectionable and dangerous. The life of the new Consortium has been contemporary with a period of almost utter stagnation in governmental re-organization, railway building and other constructive enterprises. For this the United States is held mainly responsible. Apparently, China would rather take her chances with the powers separately than with the combination represented in the Consortium.

A second explanation of China's new attitude toward the United States lies in the definite establishment of the policy of cooperation with Great Britain which grew out of the World War. To China that development meant a stiffening of American, as well as a relaxation of British, policy. Evidence that this was a well-founded anticipation is forthcoming in American endorsement of the still-born plan to place a police force under foreign command over China's railways; in American participation in the protection of the Canton customs funds against seizure by Sun Yat-sen, and in the recent threat to take naval action if the Peiho were not opened to traffic, as well as in the absence of criticism of such incidents as occurred last year in Shanghai and Canton. The attitude of the Department of State has not always been imitated by the representatives of Congress nor by private individuals.

The United States has frequently been criticized by the Chinese for its failure to make the Open Door policy effective. At present there is serious doubt among them regarding the American Government's attitude on the question of Manchuria. Loans of American banks to Japanese quasi-governmental corporations to be used in stimulating Japanese immigration to and industrial development of Manchuria appear to the Chinese, ignorant of the real attitude of the State Department toward such loans, to be evidence of indifference to the fate of Manchuria. American trade has not been able to meet Japanese competition, has made no progress toward railway development, and there appears to be, in general, a wait-and-see policy regarding the region. It would appear that the lack of regular relations with Russia is a felt deficiency in the American diplomatic equipment for affecting the progress of Japanese control in South Manchuria and Eastern Inner Mongolia. It is not suggested that the United States Government desires to hinder the development of Japan. America's relations with China are conditioned primarily by the universal desire of her people for peace and friendly relations with Japan. What is desired is to accommodate Japan within the limitations of the open door and integrity of China policies. The record of the Washington Conference contains very little information on the problem of Manchuria, but what it contains indicates that the United States still regards Manchuria as a part of China.

In spite of these changes in the American situation, it is probable that the United States has not lost altogether its special position in the confidence and good-will of the Chinese people. What was lost at Versailles was regained at Washington. American leadership has been marked in the effort to effectuate the tariff treaty and the resolution on extraterritoriality. The sentiment of American missionaries has offset the views of the associated American chambers of commerce in China. And the absence of such physical evidences of interference as settlements, leases, spheres and protectorates continues to give to America a margin of advantage in Chinese eyes.

The American position is not an easy one. There is danger of falling between two stools—interest in the strengthening of China and in retaining her friendship on the one hand, and cooperation with Great Britain and other powers on the other. To fail in the former desideratum would be to destroy a tradition and to lose an important advantage in the race for trade and investment opportunities, while to be isolated would mean to be compelled to meet more vigorous international competition and to lose an opportunity for leadership. It will require the most astute diplomacy to keep the confidence of both sides.

In the International Mixed Court at Shanghai

In re: Estate of Minnie H. Richands, Deceased

Notice is hereby given that John A. Richards has filed petition for Letters of Administration in the above entitled estate, and pursuant to Court Order all objections to the issuance of said Letters of Administration must be filed With This Court on or before October 16th, 1926.

FLEMING & ALLMAN,
Attorneys for Petitioner

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Men and Events

Mrs. N. G. Harris and Children have returned to Shanghai from a vacation at Tsingtao.

Miss Mary Letzig of the American Consulate-General at Hongkong has arrived in Shanghai for a visit.

C. P. Yin, Managing Director of the Shanghai-Nanking Railway made a business trip to Hangchow last week.

C. F. Hauss, of Shanghai, Far Eastern Manager for the American Radiator Company, is in Japan on business.

Hsu Fu-kuin, vice-consul of the Chinese Republic, stationed at Samoa is in Shanghai on his way to Peking on leave.

The U. S S. Huron arrived in Shanghai on Monday, Sept. 20 from Chefoo. Rear Admiral Williams is in command.

Mr. and Mrs. C. J. Smith of the American Asiatic Underwriters. Shanghai, have departed for Tsingtao for a brief vacation.

Bishop Logan H. Roots of the Episcopal Mission who has been on a tour of South China and the Philippines, has returned to Shanghai.

M. Karakhan, Soviet Ambassador to China, who has been in Shanghai for several days, departed on Sunday, September 19 for Canton.

Mrs. Earl F. Townsend, wife of the traffic manager of the Admiral Oriental Line has returned to Shanghai after a vacation spent at Kuling.

A son was born to Mr. and Mrs. O. G. Steen of the Dollar Company on Tuesday evening, September 14. Both mother and child are doing well.

A son, Wm. Howard, was born to Mr. and Mrs. W. S. Elliott of Shanghai, on Sunday, September 12. Mr. Elliott is connected with the Dollar Company.

Mrs. F. F. Fairman, wife of the Chairman of the American Chamber of Commerce, Shanghai, has returned to Shanghai from vacation spent at Tsingtao.

Miss A. Viola Smith, assistant American Trade Commissioner, Shanghai, departed last week for Hongkong. She will be absent from Shanghai for about two weeks.

John K. Davis, American Consul at Nanking, and Mrs. Davis who accompanied American Minister and Mrs. MacMurray to Shanghai last week, have returned to Nanking.

The American Association of University Women will hold its first meeting at 5 o'clock Tuesday afternoon, Sept. 28 at the home of Mrs. E. C. Lobenstine, 89 Route Pichon.

T. P. Givens, Chief Detective-Inspector, Intelligence Department, Shanghai Municipal Police, has returned to Shanghai after a vacation of a month spent in Heilungkiang.

Tuesday, September 21, was a public holiday in Shanghai, the occasion the annual celebration of the Mid-Autumn Festival. All foreign exchange banks and many business houses were closed.

J. Knight, French Commercial Attache in China, has arrived in Shanghai from Peking and will be here some time attending the Customs Valuation Conference, which is to be held here shortly.

Claude C. Foulk, chief accountant of the Chinese-American Bank of Commerce, of Shanghai, departed last week for Hankow where he will be connected with the Hankow branch of the Bank for some time.

John Van A. MacMurray, American Minister to China, who spent several days in Shanghai last week, went to Hangchow on Friday September 17, where he held a conference with the Civil Governor of Chekiang Province.

The annual general meeting of the American Club, Shanghai, will be held on October 15 at which time the accounts for the year will be presented. At the same time new officers and committee will be elected for the coming year.

Mrs. Bertha Bare of Chicago, who has been visiting her son Lieut. Robert Bare, at the American Legation in Peking, has arrived in Shanghai and is planning to reside here for several months. Mrs. Bare is staying at 1558 Avenue Joffre.

Marshal Sun Chuan-fang has issued instructions to the Chinese police at Shanghai to keep close watch upon all Russians entering the city. The instructions state that the Marshal attributes much of the local disorder to Russian propagandists.

The funeral of H. H. Fowkes, who was drowned in a yachting accident was held at Bubbling Well Cemetery on Friday, September 17. Many members of the Light Horse, S. V. C. and Yacht Club, in both of which Mr. Fowkes had been a member, attended the funeral service.

The teaching staff of the Shanghai American School was at home to the patrons and friends of the School on Thursday, September 22. The hosts included, Dr. and Mrs. Anderson, Misses Cline, Gunn, Jennings, Kerr, MacKinnon, Pio and Wilsiffer, Dr. Lesher and Mr. Wegman.

A Bible class for English-speaking Chinese is planned as part of the regular Sunday-school program of Community Church, Shanghai, this fall, the class to be under the direction of Dr. J. V. Latimer. The class will meet at Community Church at the regular Sunday-school hour.

Dr. Jacob Gould Schurman, former American Minister at Peking and now Ambassador to Germany, is departing for Washington shortly, according to a Berlin report, for the purpose of participating in a financial conference with President Coolidge and representatives of Great Britain and France.

Willys R. Peck, who has been Chinese Secretary at the American Legation in Peking for several years, accompanied by Mrs. Peck and their daughter, who were the guests last week of Mr. and Mrs. Julean Arnold in Shanghai, departed on Sunday, Sept. 19 for Washington, traveling home by way of Europe.

Dr. C. T. Wang, former Minister of Foreign Affairs under the Kuominchun Government in Peking, was host at a dinner given on Friday evening, September 17 at the Palais Oriential Cafe, Shanghai, to M. Karakhan, Soviet Ambassador to China, who has been in Shanghai several days on his way home to Moscow.

T. Voronchanin, editor of a Russian newspaper in Shanghai was arrested and brought before the International Mixed Court last week on a charge of publishing an article calculated to cause a breach of the public peace. The article dealt with the recent Chinese celebration of the anniversary of the Boxer Rebellion.

A Chinese bank messenger employed by the Bank of China, was robbed of a parcel containing $32,700 on the French Bund, Shanghai, on Saturday, September 18, immediately after the messenger had landed from a ship which had arrived from Ningpo. The robbers seized the parcel and made away in a motor car containing fake license plate.

The General Electric Company, Schenectady, N. Y. has announced the perfection of a new process whereby Edison Mazda incandescent electric light globes can be frosted on the inside. According to the report, the new globes give 8 percent additional light without the glare, can be cleaned easily and contain a strong filament which cannot be easily broken.

Francis W. Pearce, commander of the Salvation Army in North China has arrived in Shanghai from Peking for the purpose of making arrangements here for the reception of Gen. Bramwell Booth, head of the Salvation Army, who is making a tour of the Far East. Commander Pearce is staying at the Missionary Home, Quinsan Road, while in Shanghai.

According to L. G. Husar, U. S. District Attorney at Shanghai, W. A. Chapman, former Clerk of the U. S. Court for China is to be returned to Shanghai for trial, the ruling having been made recently by the Seattle Court. Mr. Chapman, who departed from Shanghai some time ago is alleged to have embezzled $30,000 of the funds of the U. S. Court for China.

Chinese women laborers employed by Nanyang Brothers Tobacco Company, Shanghai, staged a riot on Saturday morning September 18, in the plant of the Company, damaging machinery and equipment to the value of $2,000. The riot was caused by the spreading of a rumor that the Company contemplated the installation of some new labor-saving machinery. Five of the leaders were arrested.

The British Trades Union Congress, which recently held its annual meeting at Bournemouth, passed a resolution of protest against "any activity of imperialist governments which might end in a new war in the Far East." The delegate representing the Miners Federation declared that there was immediate possibilities of war in the Far East which would be bound ultimately to culminate in a war against the Soviet.

The Institute of Pacific Relations, Honolulu, has just published a pamphlet containing a report on conditions in the Far East, which was written by J. Merle Davis, general secretary of the Institute who traveled in this part of the world last Spring. The report is in the form of a series of letters to the Institute telling of interviews which Mr. Davis had with persons in China, Japan, the Philippines and Dutch East Indies.

According to a *Reuters* report from Canton on Monday, September 20 the Canton Government is considering the discontinuance of the anti-British boycott on October 10, the fifteenth anniversary of the founding of the Chinese Republic. A Japanese *Toho* news agency report, also from

Canton, stated, however, that on account of the Wanhsien incident, that the anti-British boycott would be prosecuted with more vigor than previously.

Eugene Chen, Minister of Foreign Affairs at Canton has notified the British authorities that the anti-British Boycott will be ended officially on October 10, but that all "luxuries" imported and exported into Canton following the lifting of the boycott, will be subjected to a special tax. The tax, according to Mr. Chen's statement will be 2½ percent on ordinary imports and 5 percent on luxuries imported and in addition a special tax will be levied on all exports.

Edgar E. Strother, formerly manager in China for the Christian Endeavor Society, but now proprietor of an advertising agency in Shanghai, has just issued for general distribution two books dealing with the life and activities of Gen. Feng Yu-hsiang, the "Christian General." One of the books is entitled "Marshal Feng, the Man and His Work, and the other is entitled, "The Prayer Meeting for General Feng on July 15." The books are on sale at Kelly and Walsh, Shanghai.

Mrs. Chiang Kai-shek, wife of the Commander of the Kuomintang forces now in occupation of Hankow, arrived in Shanghai last week from Canton and is planning to visit here for some time. Mrs. Chiang, who is about 28 years of age, is six years the junior of her husband and is a native of Shanghai. She was accompanied an the trip to Shanghai by Mrs. Chiang Chi-kiang, wife of the chairman of the Central Executive Committee of the Kuomintang at Canton.

The East Indian, owned by the Ford Motor Car Company, Detroit, arrived in Yokohama on its first trip to this part of the world on September 3. The ship attracted considerable attention owing to the fact that it is equipped with the largest Diesel engine in any ship under the American flag. The ship was purchased from the Government Emergency Fleet Corporation and the engines were installed by the Sun Shipbuilding and Drydock Company, Chester, Pa. The engines are of the Sun Doxford type and have a total of 5,000 horsepower.

Carmi Thompson, special representative of President Coolidge who is now investigating economic conditions in the Philippine Islands, has issued a statement denying a report circulated some time ago that he had also been asked by President Coolidge to make a special investigation of conditions in China prior to returning to the United States. Mr. Thompson probably will travel through China on his way back to Washington, but will make no investigation of conditions here.

Two Koreans were arrested by the Shanghai Municipal Police Thursday night, September 16 charged with complicity in a bombing outrage at the Japanese Consulate-General early last week. The bomb which was concealed in a suit-case, was taken to the Consulate by a Chinese, but exploded as the Chinese was entering the gate to the Consular compound. A ricksha coolie was seriously injured, but no other damage done. The Chinese who carried the bomb claimed that he had been asked by a Japanese to deliver the suit-case to the Japanese Consul-General.

J. J. Underwood, Washington representative of the American Chamber of Commerce and the Associated American Chambers of Commerce in China, is expected in Shanghai on September 24, on a general tour of the Far East. Mr. Underwood, who was previously Washington correspondent for the *Seattle Times* has represented the American Chambers of Commerce in China and the Seattle Chamber of Commerce in Washington for several years. While in Shanghai, Mr. Underwood will devote considerable time to an investigation of the requirements here for a new American Government building.

IN THE UNITED STATES COURT FOR CHINA

In re Estate of	Cause No. 2686
WILLIAM HENRY LACY,	Estate No. 609
Deceased.	NOTICE

Pursuant to an order of said Court, notice is hereby given to all persons having claims against the estate of William Henry Lacy, deceased, to present the same with vouchers to the undersigned on or before Feb. 28, 1927, and all persons owing debts to said deceased are hereby notified to make payment of the same in due course to the undersigned.

Shanghai Aug. 28, 1926.

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Shanghai, China.

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The Siege of Wuhan

From Day To Day

BY BRUNO SCHWARTZ

HANKOW, September 12—The Chinese Chambers of Commerce of Wuhan are actively endeavoring to secure a peaceful settlement of the Wuchang impasse. The Allied commanders in Wuchang telegraphed to the Merchants Peace Delegation expressing their desire to see them in Wuchang, in order that terms of settlement with the southern forces might be negotiated through the Chambers of Commerce. On receipt of this telegram the Chinese Peace delegates immediately requested General Chiang Kai-shek to prolong his twenty-four hour time limit set for the bombardment of the city, in order that an opportunity might be allowed for peaceful negotiations.

Word was received here this evening that an allied military conference was held this morning between Tupan Chen Kia-mu, General Liu Yu-chun and other allied commanders during which they drew up the following terms on which they would surrender.

(1) That their troops be incorporated into the Revolutionary Army instead of being disarmed and disbanded, and that they will not under any circumstances be sent away from this center.

(2) That all arrears of the pay of the soldiers must be fully paid.

(3) That no harm shall be done to any of the commanders and soldiers if they give up the city.

It is agreed locally that the terms expressed by the allied forces are such that they could not be complied with by the attacking army and that the Allies are merely stalling for time, hoping that reinforcements from the north and east will arrive within the next few days.

The Post Office is still running a daily mail service, twice a day, between Hankow and Wuchang. It is respected by both southern and northern forces so that conditions inside Wuchang are fairly well known on this side of the river.

Fires from northern shells blaze up occasionally outside the city. The guns of the southern forces have had practically no effect in their offensive against the Allied forces, the casualties in the city being only among the civilian population.

HANKOW, September 13—A strict censorship over all Chinese newspapers and news agencies has been ordered by the Revolutionary Forces today. Any news items relating to the military or political situation, will first have to be submitted to the Press Censorship Commission of the Political Department of the General Headquarters, before they may be published. Any persons reponsible for the publication of unapproved matter will be dealt with in accordance with Martial Law.

At a meeting of the local branch of the Kuomintang yesterday afternoon, a local Chinese newspaper editor was arrested.

A monster mass meeting of the Kuomintang Party was was held this afternoon at Ja Kia Tun, the former headquarters of Marshal Wu Pei-fu. Thousands of students and laborers carrying Kuomintang banners and distributing Anti-Northern and Anti-Imperialist pamphlets, culminating in a great but orderly parade which lasted for three hours. "Imperialistic Policy" was denounced by student lecturers as usual.

The southern forces are investigating the local garages and endeavoring to round up all the motor cars which were stored there by Marshal Wu Pei-fu's forces before they quit.

Hankow, September 14—At one o'clock this morning the bombardment of Wuchang by the southern forces began again. Rifles, machine guns. shrapnel and airplanes created a terrific din for about an hour and a half. The damage done was negligible however, practically no casualties being recorded among the Allied forces.

Food and firewood inside the city are becoming scarce. The price of rice is going up and people are beginning to use their interior household furnishings to build themselves fires with which to cook the little food that they have.

This morning's attack by airplane, resulted in three bombs killing and injuring about fifteen civilians, women and old men and the shaking up of the Provincial Assembly building.

The local Chinese business organizations have asked the Christian Chinese of this center to endeavor to intervene in securing permission for the Wuchang populace to leave the city without baggage, before starvation becomes a danger, and to influence the foreign consuls to guarantee the lives of the northern forces should they surrender.

The foreign misionary body were approached, and at a meeting this afternoon a motion was passed that the sentiment of the meeting was one of distinct sympathy to the Chinese church, but that nothing could be done by the foreign mission body without incurring a breach of neutrality.

HANKOW, September 15—The situation in Wuhan still remains the same. All is quiet in Hankow and Hanyang, while Wuchang is still being held by the northern forces.

The southern airplanes flying over Hankow caused a panic on this side of the river today and many Chinese moved their belongings back into the concessions.

HANKOW, September 16—There are twenty-four foreigners in Wuchang at the present time, who are unable to leave the city. Following is the list of their names and the places at which they are staying:

Boone University: Bishop A. A. Gilman, Robert A. Kemp, F. E. A. Shepherd, Mrs. F. E. A. Shepherd, Dr. Paul Wakefield, Miss Christine Barr.

Church General Hospital: E. P. Miller, Jr., Rev. E. L. Souder, Dr. Theodore Bliss, Miss Catherine Bennett, Miss Nina G. Johnson, Miss Mabel E. Sibson, Miss E.M. Buchanan, Dr. Mary L. James, Miss M. J. Ravenel, Miss W. E. Steward.

St. Michael's Church: Miss E. G. Stedman, Rev. R. E. Wood.

Wuchang Y. M. C. A: Miss Russel

The Catholic Mission: Rev. Father Maurice Connaughton (Irish), Rev. Father Fortunatus (Italian), Rev. Father Adolph Kirst (American) Miss Mary Hubbich (Nurse, American), Sister Antonietta (Italian).

The situation is becoming acute inside Wuchang. The city is entirely blockaded. Food is scarce and attempts are being made to send much needed supplies to the foreigners, whom the northern forces will not allow to leave the icty.

Three southern airplanes flew above the river this afternoon, dropping bombs in Wuchang in a effort to blow up the wireless station, which was not successful. They were fired at by the northern forces and one shell of shrapnel burst over Hankow, the timing piece, and heavy brass nose, breaking a roof in the concessions, falling near a group of foreign children who were playing in the garden at Lockerbie Road.

The American Volunteers and American naval forces were withdrawn from duty today, the situation having settled down in Hankow. Only the French naval forces and British Navy and volunteers still maintain landing parties.

HANKOW, September 17—Postal communication between Hankow and Wuchang was discontinued today, the postal launch being ordered to cease operating. This severs all communication with the city of Wuchang and no further news will be able to get out unless it is furnished on this side of the river by the Propaganda Bureau of the Kuomintang forces. Telephone and telegraphic communication have long since been cut.

The last word from Wuchang came in this morning, in a letter which states that food in that city has dwindled to a very low ebb and that only a week's supply, at the very outside, still remains.

Two more foreigners have been located in Wuchang, whose names and residence are: Prof. K. Glatzer, of the Chinese Government Schools, and Dr. Nauck, of the Academy of Medicine of Hupeh.

Food supplies had been prepared by foreigners here, to be sent to their friends and relations in Wuchang. Discontinuance of the postal service which was the only means of communication with that city has put an end to this hope.

The new Commissioner of Foreign Affairs of the Revolutionary Government has issued a warning that protection will be withdrawn from all foreigners who engage in anti-Revolutionary propaganda and no foreigner should supply arms or ammunition to their enemies.

HANKOW, September 18—One more foreigner has been reported to be in Wuchang, bringing the list up to a total of twenty-seven foreigners in that city, at present. The latest one to be reported is Brother J. A. O'Donoghue, Catholic College.

Everything has been quiet here today, and there is no change whatsoever in the local situation.

General Tang Sen-chi, who returned here from the north two days ago, left again for the fighting front at 11 o'clock this morning, accompanied by the new Director of the Peking Hankow Railway who has been appointed by the Revolutionary forces.

Wuchang is still holding out and no communication whatsoever has been received from that city today, it being entirely isolated.

Local business and financial conditions are rapidly returning to normal in spite of the fact that fighting is still carried on along the Kin-Han Railway and that the Wuchang problem has not been settled. Practically all of the Chinese modern banks have resumed their business and financial transactions, many native banks have opened again. The Union of Native Banks in Hankow resumed its functions on Friday bringing the local money market back to normal conditions.

Business Opportunities

The following trade inquiries have been received by the American Chamber of Commerce, 3 Canton Road, Shanghai. Further information regarding them may be had upon application to that office.

Electric Clothes Washer And Gas Heated Clothes Dryer: Exporters of Electric Clothes Washes and Gas Heated Clothes Dryer would like to get in touch with wholesale distributors in China for the sale of their products.

Raw Asbestos: Exporters of raw Asbestos are desirous of getting in touch with shingle manufacturers or others interest in the use of raw Asbestos.

Automotive Parts And Accessories; San Francisco firm is interested in making connections with agent in China for the sale of their products. Catalog on file giving idea of lines they specialize in.

Concrete Hardners And Builders Specialties: Manufacturers of Concrete Hardners and Builders Specialties are anxious to be placed in touch with importers of building materials. Catalog, color card and price list on file at this office.

Raw Cotton And Cotton Waste: A Portland Oregon firm is desirous of making an exclusive connection for the Pacific Coast for the importation of Chinese raw cotton and cotton waste. Wish to negotiate with firm that is not already represented in the above mentioned territory.

Wire Screen Cloth: Manufacturers of Wire Screen Cloth wish to enter the China market. Price list on file at this office.

Eletrical Refrigerators: Exporters of Electrical Refrigerators wish to place their product on the China market. Catalog and price list on file at this office.

Old Newspapers: Exporters of old newspapers are interested in the China market.

C. H. Miller. Co., 77 Market Street, San Francisco, are seeking an agency connection in Shanghai for various commodities which they are prepared to export.

Mr. M. H. Gerry, Jr., 107. Hobart Building, San Francisco, is prepared to buy electrical appliances or anything pertaining to the Hydro-Electrical or iron, steel and other metals, or anything where an expert or consulting engineer's experience is required.

Ls. H. Lightenhein, Ferdinandstr. 20 Hamburg, established in 1864, offers their services for the purchase of any class of German and other Continental goods as well as for the sale of produce in their market.

B.O. No. 185. Tiles. A California firm desires to import interior tiles of all kinds, kaoline clays, feldspar, silica, and mineral colors. File No. 866.14.

B. O. No 186. Shanghai Export Agent. A business man of North Carolina desires an export representative here, one who is familiar with Chinese products saleable in America. File No 610.1

The Benolite Company, Inc., Pittsburgh, Penn., desire an agent in Shanghai to handle the insulating varnishes and compounds and protective coatings manufactured by them.

The Foreign & Domestic Trade Department of San Francisco Chamber of Commerce has a client desirous of placing their agency for men's cloth caps of American manufacture here in Shanghai.

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From steamship dock to railroad station, and then straight across the Pacific Northwest to Chicago—in 70 hours! This is what you can do by taking one of America's fine trains east from Seattle—"The North Coast Limited."

You make no changes in berth, car, or train all the way—one service from Seattle as far east as Chicago! Convenient connections at Chicago to any place East or South.

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For rates and literature apply to

R. J. Tozer, *General Agent,*

609 Robert Dollar Bldg., Shanghai, China.

Northern Pacific Ry.

(155)

Developments in the China Situation for the Past Week

Although the Southern or Cantonese forces at Hankow have not (as these lines are written) been able to dislodge the Northern troops still holding out in the walled city of Wuchang, directly scross the Yangtsze from Hankow, the Northern militarists are still negotiating and trying to take stock of the situation created by the occupation of Hunan and Hupeh Provinges in Central China by the Kuomintang. It is true that there have been extensive troop movements in Chekiang, Kiangsu, Anhwei and Kiangsi, but up to Tuesday of this week, no reliable reports had been received of extensive engagements between the forces of Chiang Khi-shek, the Cantonese commander and Marshal Sun Chuan-fang, commander of the military forces in the five provinces of Anhwei, Kiangsi, Kiangsu, Chekiang and Fukien, which together are spoken of as the Five Southeastern Provinces. Although Marshal Sun has issued a 24-hour ultimatum to the Southerners and has informed representatives of various peace organizations in Kiangsu and Chekiang that he is only planning to defend his territories, the feeling exists that war will eventually develop between his troops and those of Chiang Kai-shek.

Preliminary Engagements

The Japanese *Toho* news agency which seems to be watching the Yangtsze situation carefully, in a report from Kiukiang, Kiangsi, dated September 18 stated the Southerners had penetrated the borders of Kiangsi and that conditions closely approaching a panic existed in the city of Nanchang, the provincial capital. Passenger service on the railway connecting Nanchang with the Yangtsze at Kiukiang has been discontinued on account of troop movements. Another report also by the Japanese agency, stated that the Southeruers and occupied the Kiangsi towns of Chian and Hsinyu and that the provincials troops under Gen. Teng Ju-cho, some 15,000 strong, had been forced to withdraw. It was also stated that Gen. Lu Hsiang-ting, tupan of Chekiang and a trusted subordinate of Marshal Sun Chuan-fang, was rushing 10,000 of Marshal Sun's troops to the Kiangsi bordor in an attempt to stop the advance of the Southerners. Still another report had it that there have been preliminary brushes between Marshal Sun's troops and the Southerners along the south banks of the Yangtsze between Kiukiang and Tayeh, the Southerners having occupied that point where is located the important Japanese iron and coal industry.

The Alliance Against the South

Despite the fact that the Southern or Kuomintang troops achieved a sensational victory in dislodging Marshal Wu Pei-fu from his Hankow base and forcing him to retreat northward along the Peking-Hankow Railway to Honan Province; the permanent success of the Cantonese in being able to establish themselves in Central China depends largely upon whether the Northern militarists will able to bury their personal differences and unite against the South. As stated in the opening paragraph of this review of the situation for the past week, a small Northern force is still holding out in Wuchang, despite the strenuous efforts of Gen. Chiang-shek to dislodge them by means of direct assaults and by airplane bombing. The fight, according to report, is complicated by the presence of about 20 foreigners mostly missionaries who are bottled up in Wuchang.

Several days ago there was a report that a serious effort was being made to unite the Northern militarists under the old banner of the Anfu party, the so-called "clique" of militarists and politicians who have had control of the Government upon various occasions since 1918. This combination, if effected, would require the cooperation of Marshal Wu Pei-fu, the Chihli militarist, Chang Tso-ling, the Fengtien warlord and Sun Chuan-fang, the commander-in-chief of the forces in the lower Yangtsze Valley. Both Marshals Wu Pei-fu and Sun Chuan-fang must have help from Fengtien in order to make an effective stand against the Kuomintang, but both hesitate to accept Fengtien terms which probably would be necessary in order to obtain help from Marshal Chang Tso-ling. Marshal Chang Tso-ling, the "warlord of Mukden" hasn't any particular political principles and is an opportunist on all occasions. He will combine with anybody, friend or foe, if he can obtain an advantage for himself in so doing. Therefore, since both Wu and Sun need help, Chang will probably send help, but he will, in all probability drive a hard bargain in both cases, probably to the extent of insisting that Fengtien troops be permanently stationed in Wu's and Sun's territories. In the case of Sun Chuan-fang, Chang Tso-ling also will demand that the Kiangsu tupan surrender a considerable portion of the salt revenue which Marshal Sun controls in the Haichow district.

The Cantonese at Hankow

Although the Cantonese have not, as there lines are written, been able to dislodge the Northerners from Wuchang, they are beginning to consolidate their position in both Hunan and Hupeh and have appointed both military and civil dfficials in both provinces. Since the military situation is still unsettled, Gen. Tang Sun-tse tupan of Hunan has been placed in charge of the pursuit of Marshal Wu Pei-fu's forces northward along the Peking-Hankow Railway, while Gen. Chiang Kai-shek is personally directing the drive to dislodge the Northerners from Wuchang. The Southern forces operating against Marshal Sun Chuan-fang's forces on the border between Hunan and Kiangsi are commanded by Gen. Hu Tsung-to, a subordinate of Gen. Chiang Kai-shek. The number of Southern troops in the Hankow district is estimated at 100,000 with approximately 60,000 effectives. The 15th Kuomintang army at Hankow is commanded by Gen. Liu Tso-lung and Gen. Tien Tung has been made pacification commander of Hupeh. All of the local offices in Hankow such as the commissioner of foreign affairs, telegraph administration and so on have been filled with members of the Kuomintang Party.

Peking Politicians Anxious

Despite the fact that Peking is firmly under the control of the Fengtien militarists, the Tu Shih-kwei Cabinet, supposedly appointed by Chang Tso-ling and Wu Pei-fu, is having a difficult time functioning. Admiral Tu Shih-kwei has been trying to resign and Dr. V. K. Wellington Koo, finance minister has about exhausted his resources in trying to raise money not only for Wu Pei-fu, but also for paying the local police which protect the Capital. At the meeting of the Cabinet held on Sept. 18, Gen. Wang Chi, commander of the local gendarmie demanded the sum of $84,000 for the purpose of paying his soldiers their three months' arrears of pay. Admiral Tu apparently has been told that he cannot resign until something has been done to relieve the financial situation. A report by the *Kuo Wen*, Chinese news agency on Sept. 19 stated that Diplomatic Corps had sanctioned the release of $300,000 for the payment of local troops and in order to enable the Government to pay salaries over the Mid-Autumn festival settlement period. Whether the money was to come from the Customs or Salt revenue funds deposited in the foreign banks was not stated. Another report by the *Kuo Wen*, agency stated that Admiral Tsai Ting-kan, minister of foreign affairs had also tendered his resignation.

The Wanhsien Affair

According to a Japanese *Toho* agency report from Hankow on Sept. 19, the British naval commander, the British Consul at Ichang and the Chinese Commissioners for Foreign Affairs at Ichang and Chungking held a conference on Sept. 17 on the Wanhsien incident the conference lasting several hours. According to the report, a tentative agrement was reached whereby the Chinese would permit the release of the two Butterfield and Swire cargo boats, the Wanhsien and Wantung, which have been held by Gen. Yang Sen at Wanhsien, but that no agreement has been reached with regard to the matter of indemnity. The rumor that the British were contemplating a second expedittion to Wanhsien to effect the release of the boats, apparently has created intense excitement at Wanhsien, where Gen. Yang Sen apparently is preparing to defend himself. A report in the *Shanghai Times* on Sunday, Sept. 19 from one of the foreign residents of Wanhsien stated that property of the Roman Catholic Church, Middle School and Customs Temple were struck by shells from the British ships and that about 60 houses and shops were destroyed by the fire which resulted from the bombardment. Many of the foreigners who did not leave the city and take refuge on the Japanese ships in the harbor, took refuge in the Standard Oil Compound. The report in the *Times* stated that the casualties among the Chinese were "estimated at about a hundred," which certainly is considerably less than the number, 5,000 which was given by Rodney Gilbert in an article written from Hankow for the *North-China Daily News*. The *Times* correspondent told of one British shell which killed "between twenty and thirty people." More extended reference to this subject appears in the editorial column of this issue of the *Review*. A report of the Wanhsien affair in the *Hankow Herald* for Sept. 17 also stated the early reports of Chinese casualty had been exaggerated.

The Fight at Wuchang

According to a full page report of the battling between the Northern and Southern troops, which appeared in the

(*Continued on page VI*)

Political Developments in China for the Past Week

September 16.—Southern forces at Tayeh, grant permission to laborers to reopen unions closed by previous administration—Anhwei troops being transported from Pukow to Kiukiang, reported that clashes already developing with Southern troops—Chinese throws bomb into Shanghai Japanese consulate compound, seriously wounding ricksha coolie, claims bomb given him by a Japanese for delivery at Consulate—Cabinet meeting in Peking decides to have Ministry of Foreign Affairs deal energetically with Wanhsien case—Dr. V. K. Wellington Koo asks Peking bankers for loan of $1,000,000 to cover Government expenses—Shanghai Chinese General Chamber of Commerce telegraphs Marshal Sun Chuan-fang and Gen. Chiang Kai-shek expressing hope that impending civil war on Kiangsi border be avoided—Organization of gentry, known as Kiangsi-Chekiang Association formed in Shanghai for purpose of working for peace between Marshal Sun Chuan-fang and Gen. Chiang Kai-shek, sending delegates to interview opposing generals—Marshal Wu Pei-fu retreats to Wushengkwan taking with him most of equipment of Peking-Hankow Railway-Wuchang still under control of Northern troops despite serious efforts of Southerners to defeat them—Gen. Chiang Kai-shek appoints Gen. Liu Tso-lung commander of 15th army to oppose Marshal Sun Chuan-fang of Kiangsu—Southern troops Hankow censor local newspapers—Japanese papers, commenting on interview between British Ambassador Sir John Tilley and Baron Shidehara, foreign minister, state that Japan determined on neutrality in respect China situation, but carefully watching situation—Gen. Yen Hii-shsn of Shansi announces capture of Paotao, Suiyuan from Kuominchun troops—Canton students start renewed agitation against British on account of Wanhsien incident and strengthening of British position at Canton, demanding renewal of anti-British agitations and boycott and extension of same to North, that students be armed against the British—Chinese commander Hankow apologizes for recent firing on Japanese ships.

September 17.—Kiukiang dispatch states Marshal Sun Chuan-fang has dispatched approximately 20,000 troops to Kiangsi border to prevent invasion of Kuomintang troops from Hunan, Marshal Sun's forces being distributed in the Wuning, Hsiushui and Tungku districts under the command of Gen. Hsieh Hung-hsun-Despite Marshal Sun's concentration of troops here, there are rumors that he has no hostile intentions-Since there is a possibility of a clash between the Fukienese and Cantonese troops Gen. Chou Yin-jen is planning to proceed to Chuanchow at once-Gen. Kuo, Fukien chief-of-staff will have charge of the defense of Foochow-At plenary session of Extraterritorial Commission all reports were submitted and passed and the documents signed by the delegates-Tokyo dispatch states that Viscount Kiyoura and party has started for inspection tour of China-Allied forces still holding out in Wuchang state they are willing to surrender providing the Hankow merchants will arrange for an armistice and stating definitely where the Allied force are to be stationed in future; that soldiers pay be brought up to date; and that lives of soldiers be guaranteed—Southern airplanes drop bombs in Wuchang causing panic in Allied ranks—Ministry of Foreign Affairs requests British not to send expeditionary force to Wanhsien—Wuchang Chamber of Commerce requests Kuomintang to cease bombing Northern troops owing danger to civilians—Replying to a telegram from Chu Fu-chen, chairman of the Chekiang Peace Society, Gen. Chiang Kai-shek has replied stating that if Marshal Sun Chuan-fang is really desirous of peace, he should withdraw his troops from the Kiangsi border—Extraterritorial Commission formally closes up its work, Dr. Wang Chung-hui, on behalf of the Chinese, expressing appreciation for work of the Powers delegates-Silas Strawn, American member of Extrality Commission departs for home.

September 18.—Kiukiang dispatch states that Wu Pei-fu's body guards clashed with and defeated a force of Kuomintang troops on September 16 at the town of Wusueh—Chen Tiao-yuan, tupan of Anhwei expected to proceed to front immediately against Kuomintang—Cantonese troops notify consular body, Hankow, of their intention to blockade the city of Wuchang where Northern force still holding out—Japanese Government confers decoration upon Chin Shao-chang, Chinese artist who died recently—Mio Pei-ta, connected with the Peking branch of the Kuo Wen News Agency arrested by militarists—Peking Cabinet

(*Continued on page 112*)

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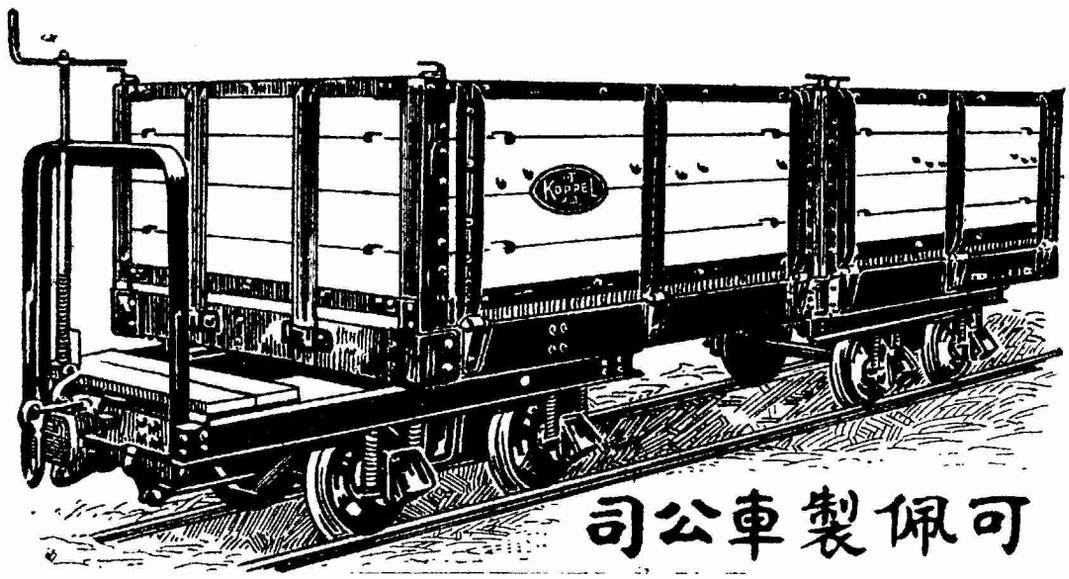
orders printing of $3,000,000 treasury notes for meeting Government expenses incident to Mid-Autumn Festival—Gen. Chin Yun-peng, who recently held a conference with Marshal Sun Chuan-fang at Nanking on behalf of Marshal Chang Tso-ling reports that a plan has been decided upon whereby Fengtien will cooperate with Marshal Sun in dispatching an expedition against the Kuomintang at Nanking. According to the plan, Gen. Chin reports that Fengtien will send 200,000 troops at once to be followed by 100,000 more immediately if needed—Chang Tso-ling reported planning trip to Tientsin shortly for a conference to consider the situation in the Yangtsze Valley—Reported that Chang Tso-ling will give Marshal Sun Chuan-fang Shantung Province and that Gen. Chang Chung-chang will be transferred elsewhere, possibly to Chihli—Allied forces planning renewed drive for purpose ousting Kuominchun, or Christian General's forces from Sianfu, capital of Shensi; reported that Allies capture Shanyang in Shensi from Kuominchun—Shanghai merchants and gentry continue efforts to bring about peace between Sun Chuan-fang and Chiang Kai-shek—Fu Chiang, taoyin of Shanghai district announces reorganization of Shanghai volunteers, maintanence funds to be raised locally—Nanyang University, Shanghai will hold 30th anniversary celebration on October 9, 10, and 11—Gen. Yang Sen, Wanhsien, notifies Ministry of Foreign Affairs that he fears the contemplated British second expedition to Wanhsien may cause misunderstanding and further trouble and warns against it—Southern troops put military notes in circulation in Hankow district, requesting Hankow Chamber of Commerce to raise $1,000,000—Wuchang still holding out against Southern troops—Serious fighting developing between Cantonese forces of Sun Chuan-fang on Kiangsi border near Hsiushui—Southern troops claim capture of Yenchow—French and American gunboats fired on near Hankow and return fire—Southern troops take over Bureau of Mines at Shenchiaying and the Tayeh Mines and place guns on surrounding hills—Japanese Foreign Office denies that British Government is pressing Japan to adopt strong measures in China—Southern troops occupying Tayeh serve notice that all ships passing point must stop and submit to search—Prospects of early fighting in vicinity of Tayeh since Southerners evidently planning advance down river in direction of Kiukiang—Japanese Prince Kanin, departs for Dairen to attend 20th anniversary of the establishment of the Japanese administration in Kwantung Peninsula—Shanghai peace delegation dispatched by Tang Shao-yi and others reaches Peking to interview officials on question of peace.

(*Continued on page VI*)

INDUSTRIAL RAILWAYS



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New Books of Interest in the Far East

Extraterritoriality

Extraterritoriality: Its Rise and Decline. By Shih-shun Liu, Ph. D., Columbia University Studies in History, Economics, and Public Law Series CXVIII, No. 2. New York: Columbia University, 1925. Pp. 235. Sold at the Commercial Press, Shanghai.

During these days when in this part of the world the abolitionists of extraterritoriality and its defenders are hurling against each other, sometimes recklessly, arguments pro and con, Dr. Liu's work is a particularly timely publication. For, so far from following the general trend of writings on this subject, which are often characterized by fallacious generalizations and hasty conclusions born of a desire for personal or group interest, the work of Dr. Liu expressly refrains from advocating or suggesting any solution of the hundred and one problems arising out of the extraterritoriality regime (see Preface); Dr. Liu only seeks "to furnish the background of historical fact, which is the first condition to a philosophical as well as practical approach to those problems." In other words, all Dr. Liu attempts to do is to "present briefly the historical development of the system of consular jurisdiction as a whole, to show how it arose; how it later grows in importance; and how finally it has in recent years declined." With this end in view, Dr. Liu's work ought to be welcomed by all impartial and unprejudiced students of international affairs, and it is here that its distinct value lies.

The work under review is divided into two parts: the Rise of extraterritoriality and the Decline of Extraterritoriality, follwed by a chapter of Recapitulation and Conclusion. In the first part Dr. Liu shows how extraterritoriality arose in Europe, in the Levant prior to 1453, in the Levant and Africa after 1453, and in the Far East. A propos of the rise of extraterritoriality in the Far East, Dr. Liu attempts to bring out the differences in the origin of extraterritoriality in the Mussulman States and in the Far East. He says that while the union of Mohammedan Law and Religion, the desire of Islam to invite foreign commerce and the existence of long-established customs and usage have all contributed to perpetuate the system of consular jurisdiction in the Mohammedan world, these peculiar situations did not exist in the Far East. According to our author, to find the original justification of the extraterritoriality regime in the Far East, we have but one alternative left and that is "to seek an explanation in the alleged deficiency of the Oriental legal systems." (p. 84) After discussing the objections launched against Chinese laws on the eve of British claim for extraterritorial jurisdiction in China and the Sino-foreign treaty stipulations providing for the abolition of extraterritoriality on condition that certain legal reforms were carried out, our author concludes: "From these stipulations one can hardly resist the logical inference that the judicial deficiency has been at the very foundation of the installation of the extraterritoriality system in the Far East." (p.89)

In the second part, our author discusses how with the introduction of the territorial basis of sovereignty, the theory of the personality of laws inevitably gave way to that of absolute territorial jurisdiction and how the growing sprit of nationalism has inspired the peoples which have been burdened with extraterritoriality to realize its absolute incompatibility with their independence and sovereignty. Then our author goes on to discuss the methods by which the abolition of extraterritoriality has been brought about. He enumerates six methods, i. e. (1) Annexation (2) Transfer of Jurisdiction (3) Separation (4) Protection (5) Unilateral Cancellation and (6) Diplomatic Negotiation. To each of these methods a chapter is devoted. According to our author, of all the reasons which have been responsible for the decline of extraterritoriality, three stand out in particular prominence. They are (1) the growth of national sovereignty, (2) the innumerable defects and abuses of the system itself, and (3) the general improvement of the judicial systems of the various countries concerned.

On the whole, the work under review is a scholarly one. The arrangement is scientific and the manner of treatment exceedingly satisfactory. The profuse footnotes indicating the authorities upon which the author has drawn for materials, ought to prove useful to future students in this field. If we may be allowed to make any criticism, it is that the author seems to be lacking in scientific accuracy in his statements, a quality which characterizes modern research or, as Prof. MacNair puts it, is the corner-stone of modern scholarship. Here and there, we find statements which cannot bear the test by the touchstone of accuracy. For instance, one p.98 is found this statement: "It is a lamentable fact that in the case of some countries, as in that of China, the foreign assessor, *instead of stopping with the treaty right of attending to watch the proceedings in the interest of justice*, has gradually arrogated to himself the role of the principal magistrate." This statement refers to Hinckley's Extraterritoriality in China. The reviewer has not had the opportunity of reading the original article, but an examination of China's treaties with the Powers shows that the expression italicized by the reviewer is hardly correct. Confining ourselves to the case in China, we find that the right of foreign consuls to watch the proceedings in the interest of justice is not conferred by all the treaties providing for extraterritorial jusisdiction. Only the Sino-American Treaty of Peking (1880) is worded in this way; even the Sino-British Treaty of Chefoo (1876) is different both in content and in wording, the latter providing that "the official of the plaintiff's nationality may attend to watch the proceedings with the power, if he is dissatisfied with them, to protest against them in detail." In case of countries like Japan, Brazil and Mexico, no right of watching the proceedings by foreign consuls exists in the Treaties and all cases against Chinese nationals are to be tried without interference from foreign authorities concerned. On the other hand, the Sino-French goes even further than the Sino-American and the Sino-British Treaties in that while penal cases are tried exclusively by the courts of the nationality of the accused, the civil cases are tried and decided according to equity by the consul and the competent Chinese authority acting in conjunction. (Article 35 of the Sino-French Treaty) The error of Dr. Liu seems to be that he shares the views of many others that there exists something like a single or uniform system of extraterritoriality and that the provision in the Sino-American Treaty is found in all Sino-foreign treaties. (See G. Padoux's article on "Misconceptions regarding Extraterritoriality", reprinted in the China Law Review, Vol. II, No. 6.)

Again the statement that the Mixed Court before 1911 was a misnomer, "for it was a purely Chinese Court having jurisdiction over Chinese defendants and administering Chinese law", is also hardly correct, when we recall that in 1905 the Diplomatic Corps submitted to the Chinese Government a project containing eleven articles designed to place the Mixed Court under the supervision of the Municipal Council and the Consular Body. Despite the refusal of the Chinese Government, the proposed regulations were enforced. Among these regulations are: While Chinese cases were exclusively reserved to the jusisdiction of national judges, matter that could not be settled owing to the difference of view between the Chinese judge and the foreign functionary had to be submitted to the Taotai and the consul for joint decision. The prison should be kept in confirmation of the rules laid down by the Municipal Council of the North Yang-chinpang Settlement. Warrrants must be counter-signed by the dean of the consular Body for the arrest of a native resident of the settlement. Furthermore, from that time on, Chinese criminal cases were tried by consuls in conjunction with the Chinese judge, even though no foreign interest was involved. What the consul still respected were the purely Chinese civil cases.

The statement on p. 225 that due to the unsettled conditions in China, the Chinese Government requested the Powers to agree the that investigation by the Commission of Extraterritoriality be temporarily postponed (referring in the note to New York Times) indicates that our author has, in this important respect, relied upon secondary sources instead of resorting to the diplomatic correspondence between China and the United States, which he professes to do. Perhaps, it is not out of place here to cite in substance the statement of Dr. Alfred Sze in a recent speech on this subject. Dr. Sze said that in 1922 the Chinese Government addressed a note to the U. S. Government and through it to the other Governments, asking whether it would be possible to postpone the meeting of the Commission until the fall of 1923 in order to enable the Chinese Government to complete work of a technical nature for the use of the Commission, as the preparation and translation of laws, regulations, etc. The Powers consented to this postponement. Then the Chinese Government in May 1923 gave formal notification to the United States and the other Powers that China was ready to have the Commission meet at Peking on November 1, 1923. The U. S. Government replied that owing to the fact that "certain of the Powers did not consider it feasible to begin

(*Continued on page 114*)

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Sept. 9th.	Sale Price Sept. 16th	Approx. Yeld to Maturity Sept. 16th.
Szecho-Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	103⅜	103¼	7.70
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	98½	98½	7.65
Republic of Chile S. F. Loan.....	7	Nov. 1, 1942	101⅛	101¼	6.85
Argentine Government Ser. "A".....	6	Sept. 1, 1957	99⅛	99⅛	6.05
German Covernments S. F. Loan.....	7	Oct. 15, 1949	105⅜	105¼	6.55
Kingdon of Norway S. F. Loan.....	6	Aug. 15, 1943	101¼	101	5.90
Deutsche Renten Bank 1st Lien Farm Loan	7%	Sept. 15, 1950	98⅞	99⅞	7.00
Can. Pac. R. R. Co. Debenture Stock.....	4	Perpetual	87	85¾	4.66
Belgian Government S. F. Loan.....	6	Jan. 1, 1955	87	87⅛	7.00
Andes Copper Mining Co. Debentures.....	7	Jan. 1, 1943	108	107⅝	6.25
German General Electric Co. S.F. Loan....	7	Jan. 15, 1940	103⅛	103¼	6.70
Saxon Public Works Inc. 1st Mtge. Guaranteed S. F. Loan....	7	Feb. 1. 1945	99	100	7.00
Cuban Northern R. R. Co. 1st Mtge. Loan....	6	July 1, 1966	98	98	6.15
Dodge Brothers Inc. Debentures	6	May 1, 1940	96	95⅞	6.45
Republic of Haiti.....	6	Oct. 1, 1952	99⅝	99½	6.05
Czecho Slovak Government Ext. S.F. Loan..	7½	Oct. 1, 1945	103	102⅜	7.25
Kingdon of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	92½	92⅜	7.65

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(*Continued from page 113*)

the work of the Commission," the United States would suggest a further postponement to November 1924. The Gold Franc Case came, and the French Government insisted on its being settled before it would give consent to the Commission to investigate extraterritoriality. These are the circumstances accounting for the delay of the Commission, according to Dr. Sze. Last year the Ministry of Foreign Affairs, Peking, also issued statements furnishing data from the official records to dispel the current belief that China was to blame for the delay of the visit of the commission. It is regrettable that Dr. Liu did not draw upon the official sources in this regard but shares the current erroneous belief.

The style of Dr. Liu is highly pleasing. Only he does not seem to have been as careful as one could expect in using his language with a view to accuracy. On p. 217, we find the sentence, "Up to the present time, no less than six Powers have promised the ultimate abolition of extraterritoriality, in addition to a number of others which have been *deprived of their judicial rights.*" Apparently, by "a number of others", Dr. Liu means Germany, Russia, and others. But the use of the expression "deprived of their judicial rights" is rather unfortunate, inasmuch as extraterritorial rights are not, properly speaking, *judicial rights* of a country. Also on p. 85, the second paragraph begins with a sentence which has no verb. And on the same page (3rd paragraph), Sir George Staunton is referred to as Sir George.

It is also regrettable that Dr. Liu fails to touch on the question of the claim of Chile to claim extraterritorial jurisdiction in China, a dispute that aroused considerable attention both in China and abroad.

In spite of these imperfections which the review points out in no carping spirit, Dr. Liu's work represents no little amount of painstaking research, and in view of the lack of any pre-existing work of scholarship specially devoted to this subject and also of the impartial attitude and rich materials which mark the present work, it deserves a place on the shelves of all students of international affairs.

Liang Yueng-li.

The Comparative Law School,
Shanghai.

Shanghai Exchange for Week Ending Wednesday, Sept. 22th, 1926

By Maitland, Fearon and Brand

Exchange :—Bar Silver quotations, received from London today, i.e. 27 1/16d. ready and 27 5/16d. two months forward, are 1/4d. below those ruling this day last week. The official T/T rate on London has declined from 2/9 1/4d. to 2/8 3/4d. The exchange market in regard to imports and exports continues quiet. No special feature attaches to the market, except that some Banks have been good buyers of Yen which have improved to 2/0 1/16d. The following rates for Gold remittances, near delivery, are available :—T/T London 2/8 5/8d, New York 66 1/4. Yen 73 1/2. Sterling bills can be placed at 2/9 3/8d., G. $68.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls 79,175,000 a decrease of Tls. 775,000
Chinese and Mexican Dollars.....$ 70,790,000 an increase of $ 1,390,000
Estimated value Tls. 130,143,000 as against Tls. 97,268,000 held at this time last year.

	Average rates for August	Thursday Sept. 16	Friday Sept. 17	Saturday Sept. 18	Mon. Sept. 20	Tues. Sept. 21	Wednesday Sept. 22
Bank's selling rates		*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closin*
T/T London	2/9.620	2/9 1/4 2/9 2/9 5/16	2/9	2/9	2/8 3/4 2/8 1/2		2/8 1/2
D/Dfts ,,	—	2/9 1/16	2/9 1/16	2/9 1/16	2/8 13/16		2/8 9/16
4 m/s ,,	—	2/9 1/2 2/9 1/4	2/9 1/4	2/9 1/4	2/9 2/8 3/4		2/8 3/4
T/T India	186.300	184 1/2 183	183	183	181 1/2 180 1/4		180 1/4
T/T France	2,408.400	2350 2330	2360	2370	1360 2340		2410
T/T N. Y.	68.030	67 1/4 66 3/4	66 3/4	66 3/4	66 1/4		65 3/4
T/T Hong	77.925	79 79 1/2	79 1/2	79 1/2	65 3/4 79 3/4		79 1/4
T/T Japan	70.250	72 72 1/2	72 1/2	72 1/2	79 3/4 73 1/4		73 3/4
T/T Batavia	168.380	166 3/4 165 1/2	165 1/2	165 1/2	73 3/4		163
T/T Straits Bk's buying rates	83.470	84 1/4 84 3/4	84 3/4	84 3/4	164 1/4 163 85 1/2 86 1/2		86 1/4
4 m/s B/L. Cred. D/A	2/11.245	2/10 7/8 2/10 5/8 2/11 1/8	2/10 5/8	2/10 5/8	2/10 5/8 2/10 3/4		2/10 1/8
4 m/s ,, D/P	—	2/10 7/8	2/10 7/8	2/10 7/8	2/10 5/8		2/10 3/8
6 m/s ,, B/L Cred D/A	2/11.557	2/11 3/16 2/10 15/16	2/10 15/16	2/10 15/16	2/10 3/8 2/10 1/16		2/10 7/16
4 m/s B/F Cred D/A	2.538.400	2480 2460	2490	2500	2490 2470		2540
3 m/s N. Y. Lc.	71.105	70 3/8 69 7/8	69 7/8	69 7/8	69 3/8 68 7/8		68 7/8
4 m/s ,, Dacs	—	70 7/8 70 3/8	70 3/8	70 3/8	69 7/8 69 1/8		69 1/8

BANK HOLIDAY

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling' Bullion.	Sept. 16	Sept. 17	Sept. 18	Sept. 20	Sept 21	Sept. 22.
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	28 1/8	28 1/8	28 1/8	27 15/16		27 15/16
**New York Price of Bar Silver per oz. (Pure)	G. $ 61 3/8	G. $ 61 3/8	G. $ 61 1/4	G. $ 60 1/4		G. $ 60 1/2
Shanghai Price of Gold Bars (weight Tls. 10 (Chanping) 978 touch).....	352.00	350.80	354.30	357.80		356.20
Shanghai Silver Bars (weight Tls. 100(C.)999 touch)	111.00	111.00	111.00	111.00		111.00
Shanghai Mexican Dollars per $100.....	71.9125	71.9125	71.9125	71.95		71.95
Native Bank Rate of Interest (Call money).....	3%	2 1/2%	2 1/2%	3%		2 1/2%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

HOLIDAY

Bank of England rate of discount	5%	London Paris on	T/T 177.79
Bank of France rate of discount	7 1/2%	New York on London	T/T 485 5/8
London open Market Dis. 3 m/s	4 5/8%	Bombay on London	T/T 1/5 29/32
,, 4 ,,	4 5/8%	Hongkong on London	T/T 2/1 3/16
,, 6 ,,	4 11/16%	Kobe on London	T/T 2/0 1/16

Return of the Shanghai Customs

By Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mille—thousands; Hk. Tls.—Haikwan Tls., Aug. Customs Rate Tls. 1.27 equall Gold $1

S. S. Oakridge, August 17. from U. S. A.

Milk, Evaporated	Pls.	200
Paper, Printing	,,	154
,, Writing	,,	109
Timber:		
Softwood, Ordinary Sawn	Sup. ft.	731,032
Softwood, Merchantable	Sup. ft.	182,911

S. S. President Polk, August 24. from U. S. A.

Waterproof Cloth	Yds.	242
Cotton Blankets	Pls.	4
Cotton Knitted Clothing, Raised	,,	31
Cotton Yarn, Mercerised	,,	13
Iron Shaftings	,,	81
Iron Sheets	,,	40
,, Washers	,,	64
Iron Wire Shorts	,,	405
Tinned Plates Plain	,,	329
Ammonia, Sulphate of	,,	1,848
Asparagus Canned	,,	16
Bronze Powder	,,	56
Carbon, Black	,,	15
Cement	,,	465
Dextrine	,,	53
Fruits, Canned	,,	90
Glue	,,	38
Indigo Paste, Artificial, 20 per cent	,,	1,012
Ink, Printing	,,	199
Leather, Patent	,,	14
,, Sole	,,	254
Newspaper, Old	,,	1,470
Oranges, Fresh	,,	312
Paints, Unclassed	,,	248
Paper, Printing	,,	57
,, Writing	,,	69
,, Unclassed	,,	952
Raisins	,,	938
Bedsteads, Brass	Pcs.	70
,, Iron	,,	69
Clocks	,,	595
Lemons	,,	49,500
Machines, Calculating	,,	18
Motor-cars	,,	3
Motor-trucks	,,	3
Typewriters	,,	100
Oil, Cloth	,,	815
Oil, Lubricating, Mineral	Galls.	5,076
Cigarettes	Mille	1,242
Cigars	,,	30
Shoes	Pairs	4,444
Dyes, Aniline Pkgs 382	Hk. Tls.	11,581
Treasure:		
Silver Bars	,,	2,897,526

S. S. City of Evansville, Aug. 27. from U. S. A.

Cotton Yarn, Mercerised	Pls.	56
Iron Pipes	,,	570
,, Sheets	,,	604
,, Wire, Defective	,,	2,434
Iron Galvanized:		
Pipes	,,	92
Sheets Plain	,,	14,11
Wire Shorts	,,	1,307
Tinned Plates, Plain	,,	799
Calcium, Carbide of	,,	17
Grease	,,	212
Indigo Paste, Artificial, 20 per cent	,,	1,104
Leadfoil and Tinfoil	,,	508
Paper Writing	,,	13
,, Unclassed	,,	2,530
Soda, Ash	,,	105
Tobacco, Stalk	,,	127
Oil, Lubricating	Galls.	65,809
Paint, Enamel	,,	34
Paints, Unclassed	,,	90
Varnish	,,	87

S. S. Bolton Castle, August 28. from U. S. A.

Typewriters	Pcs.	2
Machines, Sewing	,,	50
Wooloa, Yarn	Pls.	38
Cotton Embroidery Thread, on Skeins	,,	60
Leadfoil and Tinfoil	,,	17
Tinfoil Embossed	,,	1
Iron Wrenches	,,	2
Iron, Galvanized:		
Wire	,,	14
,, Shorts	,,	254
Tinned Plates	,,	2,172
Bronze Powder	,,	1
Flour, Corn	,,	227
Grease Lubricating, Mineral	,,	59
Paper, Unclassed	,,	3,453
Petrolatum	,,	366
Soap, Caustic	,,	525
Starch	,,	15

S. S. President Cleveland, Sept. 1. from U. S. A.

To San Francisco.

Tea, Green:		
Hyson, Shanghai	Pls.	3
,, other Ports	,,	32
Young Hyson, other Ports	,,	49
Gunpowder, Ningpo	,,	98
,, other Ports	,,	10
Bambooware	Pls.	46
Brassware	,,	68
Egg Albumen, Moist	,,	652
,, Yolk, Moist	,,	1,147
,, Yolk, Dried	,,	42
,, Whole, Moist	,,	1,282
Intestines, Pigs', Salted	,,	12
Oil, Sesamum Seed	,,	97
Oil, Wood	,,	14,118
Soy	,,	11
Woodware	,,	12
Shoes	Pairs	1,280

To Los Angeles.

Feathers, Goose	Pls.	8

To Manzanillo.

Lard	,,	399

To Arica.

Lard	,,	54

To Houston.

Hair, Human	,,	105

To Chicago.

Silk, Raw, Steam Filature: White, other Ports	Bls. 70	,, 56

To Washington.

Silk Piece Goods	Pls.	1.07

To Baltimore.

Egg, Yolk, Dried	,,	168

To Hoboken.

Silk, Raw, Steam Filature: White, Shanghai	Bls. 15	Pls. 14 98

To New York.

Silk, Raw, Steam Filature: Yellow, Shanghai	Bls. 10	,, 9.99
White, other Ports,	Bls. 425	Pls. 350.00
Silk, Raw, Dupion: White, Shanghai	Bls. 10	,, 10.00
Silk Waste: Shanghai	Bls. 11	Pls. 37.15
Silk, Raw, Re-reeled: White, other ports	Bls. 10	Pls 10.30
Silk, Raw, Filature: Yellow, other Ports	Bls. 10	,, 9.77
Silk Pongees, Honan		,, 22.00
Brassware		,, 11
Egg Yolk, Dried		,, 287
Feather Duck		,, 91
,, Goose		,, 53
Hair, Human		,, 50
Wool, Sheep's		,, 96
Woollen Carpets		Pcs. 683
Skins, Dog Tanned		,, 7,320

To Boston.

Silk Waste: Shanghai	Bls. 74	Pls. 243.73

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—Notwithstanding the heavy declines registered in Mid-Americans during the past week, our market showed a firmer undertone, which was due to the extensive Bull speculative operations in the local cotton Exchange, being stimulated by the unfavourable weather conditions recently experienced which has materially reduced the previously expected size of the crop, as also to the difficult transportation of cotton from interior marts caused by the militaristic movements in the central provinces. Prices on the whole for October delivery advanced about Tls. 0.60 per picul, and whilst forward deliveries have in no way shown any marked fluctuations they remain nearly the same as those ruling during the previous period.

The general sentiment prevalent in the trade is that while reaction may be looked forward to at any moment, such will be more of a temporary nature and that therefore buying at every break of current offerings whether for immediate or forward delivery will eventually prove profitable.

Yarn:—While prices during the early part of the week intimated a weaker tendency, a somewhat firmer undertone ensued at the close, and which may be ascribed to the increased demand on the part of Szechuen Exporters, as well as to the firmness of the domestic raw material. Business for export has been booked some 8000 to 9000 bales in all counts and over 3000 bales direct booking with the mills has been recorded.

Liverpool:—

American-Middling	9.54
American-Middling last reported	10.26
Tone of the market, *Steady.*	

New York Market:—

Price of Mid-Amer.	17.25 Spot.
	16.32 Oct.
	16.50 Dec.
	16.60 Jan.
	16.81 Mar.
	17.03 May.

Tone of the market:—*Weak.*

Indian Market:—

Fully Good Bengal, D./J.	258
Fine Oomra, Dec/Jan	305
Fully Good Broach, A.M.	318
Tone of the market—*Steady.*	

Shanghai Market:—

	Tls.
Tungchow, spot ex wharf	32.20
Shanghai, Spot	32.00
M. inned, Spot	32.25
Shensi, No. 1 Spot	33.00
Ningpo, Spot, Ex wharf	32.60

Tone of the market—*Steady.*

(*Continued from page 110*)

Hankow Herald on September 15, the Northern troops cooped up in Wuchang, are confident that they will be able to hold out until Wu Pei-fu or Sun Chuan-fang comes to their resuce. The Southerners in their attack used artillery, machine guns and even airplanes, but the Northerners were undaunted and held their position. One curious phase of the situation was that despite the fierce bombarding, Hankow was able to keep in telephonic communication with Wuchang and the opposing commanders even held a conversation in which the Southern commander invited the Northern leader to quit in characteristically polite Chinese fashion.

The Situation at Canton

According to a *Reuters* report, Eugene Chen, Minister of Foreign Affairs at Canton has lodged a stroag protest with the British against the landing of British marines on the West Bund, Canton. Chen in characteristic journalistic fashion declared that this action of the British violated the laws of nations and was an act of material and moral aggression. The communication declared that the jetties were Chinese territory which had been leased to a British shipping firm. Mr. Chen demanded immediate withdrawal, instant cessation of interference with Chinese traffic on the river and retirement of British naval craft from the harbor. The British Government, in an earlier communication had designated the Chinese strike pickets as pirates and had notified Canton that they would be treated as such.

The exact status of the anti-British boycott in Canton is not clear, since a *Reuters* report published in the Shanghai papers during the week stated the possibility that it would be declared off on the Chinese National Holiday, October 10. Another report by the Japanese *Toho* agency, stated, however, that the Wanhsien incident had caused a renewed anti-British outburst at Canton, the Canton Nationalist Government, having decided to give active aid to the anti-British agitators.

Extrality Commission Meets

An article appearing in the *Peking Leader* on Sept. 16 stated that the members of the Commission on Extraterritoriality met on September 15, all of the Powers, including China being represented. Views were exchanged on the various phases of the reports as follows:— (1) Prevailing conditions of exterritoriality in China; (2) Laws and Jurisprudence of China; (3) The Judicial system of China; (4) Report to the respective Governments anent its inspection of Prisons and Law Courts. The contents of the various reports were not given out, but were dispatched to the various home governments with instructions to release if thought advisable. Silas H. Strawn, American Delngate as well as the Chinese nnd Japanese delegates made hrief addresses thanking all for assistance rendered in the investigation.

(*Continued from page 112*)

September 19.—Marshal Wu Pei-fu repeatedly telegraphs the Cabinet demanding funds and has summoned Liu Yun-chien and Fu Ding-yi to his headquarters at Hsinyang for a conference—Gen. Yang Sen of Wanhsien, has announced his intention to go to Ichang to discuss the Wanhsien incident with the British officials, Ministry of Foreign Affairs, however fearing further complications has instructed the Commissioner of Foreign Affairs at Ichang to discuss the matter with the British Consul in order to avoid further trouble—Gen. Chin Yun-peng, who has been trying to reconcile Marshal Chang Tso-ling and Sun Chuan-fang, is being mentioned for the premiership in place of Admiral Tu Shih-kwei—Gen. Chow Yin-jen, tupan of Fukien, arrives at Amoy with three Chinese gunboats, including the Haiyung, loaded with troops, and immediately after landing departed for Changchow—Expected that war between Fukien and Canton will begin immediately—Peking-Hankow railway refuses to issue through passenger tickets owing to occupation of Hankow end of line by Cantonese—Sino-Russian Committee in Peking refuses to hand over $200,000 from the Russian portion of the Boxer Fund for educational purposes—Peking police release Mio Pei-tau of Kuo Wen News Agency, arrested earlier in the week—Peking dispatch states plans for Allied campaign to regain Hupeh from Cantonese completed—Despite refusal of Peking bankers to grant loan on security of $3,000,000 treasury notes, Government proceeding to print notes—Chen Kung-pei, appointee of Southern forces assumes position of commissioner of Foreign Affairs at Hankow—Peace organization claiming to represent gentry in Chekiang, Kiangsu, Anhwei and Fukien, sends delegation to Nanking to urge peace policy on part of Marshal Sun Chuan-fang, after which they will proceed to Hankow to interview Gen. Chiang Kai-shek; Kiukiang dispatch states Gen. Chiang Kai-shek's cadet troops closing in on Marshal Sun Chuan-fang's forces at Hsiushui—Japanese gunboat standing by at Kiukiang—Canton Government announces plan for unifying coinage including minting of silver dollars, half dollars and 20-cent pieces, plan also including collection of old coins for recoinage—Central Executive Committee of Kuomintang hold meeting to consider renewal of anti-British campaign on account of Wanhsien incident.

September 20,—Premier Tu Shih-kwei announces at Cabinet meeting his intentions to retire, stating hope that other Cabinet officials would carry on and not retire with him—Southerners announce blockade of Wuchang including stoppage of postal service—Gen. Chin Yun-peng arrives in Mukden to discuss Yangtsze situation with Chang Tso-ling—Fengtien decides to mobilize troops in Peking and Tientsin districts and appoints Chang Chung-chang of Shantung as commander of reinforcements to Hupeh—Yu Chung-han appointed tupan of Chinese Eastern Railway—Gen. Wang Chi, commander of Peking Gendarmie demands that Cabinet supply him with $850 000 for paying troops before Mid-Autumn Festival—Dr. V. J. Wellington Koo, finance Minister and Tsai Ting-kan, Minister of Fereign Affairs hand in resignations—Population of Nanchang, capital of Kiangsi greatly agitated owing to advance of Kuomintang troops said to have captured China and Hsinyu despite efforts of Tupan Teng Ju-cho, with 15,000 troops to repel them—Gen. Lu Hsiang-ting trusted lieutenant of Sun Chuan-fang rushing 10,000 troops to Kiangsi border to stop Southerners, decisive battle expected—Passenger traffic stoped on Nanchang-Kiuking Railway on account troop movements—Foreign Concesssion authorities taking protective measures in Kiukiang on account of concentration of Chinese troops against Southern forces—Japanese Buddhist priests decide to send delegation to China to cultivate "friendship" between the two people,—will visit Mukden, Peking, Nanking, Soochow, Hangchow and elsewere, returning home in October—Southern troops in Hankow number 100,000 with 60,000 effectives, according to Japanese *Toho* news agency report—Since Northerners still holding out in Wuchang, Gen. Chiang Kai Shek personally directing attack while expedition in pursuit of Wu Pei-fu along the Peking-Hankow Railway entrusted to Gen. Tang Sun-tse, tupan of Hunan—Kuomintang attack on Marshal Sun Chuan-fang in Kiangsi placed under commoand of Gen. Hu Tsung-to—Southerners appoint Gen. Liu Tso-lung as commander of 15th Army at Hankow and Gen. Tien Tung as commander of the forces in Hupeh—Kuomintang appoints officers to posts of Commissioner of Foreign Affairs at Hankow and Directorate of Telegraphs—American gunboat Pigeon shelled by Chinese batteries at Tapiehshan Hill—*Kuo Wen* News Agency reports that Diplomatic Corps decides to release sum of $300,000 for payment of local peace preservation troops—Chinese Cearge d' Affairs at Moscow asks to be relieved—Tsinan military conference participated in by representatives of Wu Pei-fu, Chu Yu-puh, Chang Chung-chang to decide upon plans for opposing Gen. Chiang Kai-shek, consolidating Allied forces and raising funds for military supplies—Japanese *Toho* agency reports Gen. Chang Chung-chang appointed chief commander of Allied Fengtien, Chihli and Shantung forces to recover Hupeh from the South, troops to be sent to the front over the Peking-Hankow and Lunghai railway lines—Chiang Kai-shek orders general attack on Wuchang ordering all civilians to remove from vicinity of city walls—Chinese General Chamber of Commerce, Shanghai, prints prints pamphlet giving details of Sino-Belgian and Sina-Japanese treaties for purpose of "acquainting public" with terms—Chinese *Kuo Wen* news agency reports that peace delegates sent to interview Sun Chuan-fang and Chiang Kaishek, report that peace is without a string of hope."

September 21.—Canton dispatch states Gen. Chiang Kai-shek, has notified Canton Government of capture of Wushenkwan, in consequence of which the further pursuit of Marshal Wu Pei-fu has been left to Gen. Tang Sun-tse of Hunan—Nanking dispatch states two steamers loaded with troops under Gen. Cheng Chun-yen of the 10th Division had departed for Kiukiang, to be followed shortly by Marshal Sun himself—Kaifeng dispatch states Marshal Wu arrived at Chengchow from Hsinyang, leaving latter city in control of Gen. Tien Wei-chin—Southern Honan menaced by Gen. Fang Chung-shui, who is supposed to be working in combination with Generals Feng Yu-hsiang of the Kuominchun and Chiang Kai-shek of the Kcomintang—Chiang Kai-shek disarms Chinese police Hankow—Conditions in Wuchang becoming desperate owing to prolonged seige causing stoppage of food supplies—Hongkong dispatch states Gen. Ho Yin-chin, subordinate of Gen. Kai-shek stationed at Swatow, has announced intention of invading Fukien Province against Tupan Chow Yin-jen.